



LOMBARD

Chickens, eggs and profits

BY ANTHONY HARRIS

PROFESSIONAL WARNING: hot money can severely damage your profits. That was the basic theme in the two most interesting speeches made to the Society of Business Economists at their thoroughly gloomy annual conference this week...

Nightmares

The responsibility of the U.S. is not, however, the only factor missing from the argument. A strong currency not only compresses profits, but it also reduces inflation...

Whipping-boy

The unions are always a hoody whipping-boy of course, but it is surely not entirely fair to blame them for failing to respond to a situation which is not their normal business to understand...

AROUND BRITAIN

A ring of independence in Hull

BY JOHN LLOYD

Hull Telephones is the only telephone network in the country which is not controlled by the Post Office. It is controlled by Hull City Council...

Full of praise

Mr. Matthews would seem to have little cause for concern. The Post Office officials are believed to have discovered that Hull standards are as high as those of their own employers...

Parkhill—horse for course

WEST COUNTRY racegoers can expect a fine afternoon's sport at Cheltenham today because, in addition to the Tony Teacher Chase, which has attracted such notable performers as Royal Marshal II and Broncho II...

RACING

BY DOMINIC WIGAN

bas had the final of today's race as one of his long-term targets since plans for him were revised last year.

They didn't let any prejudices they might have had get in the way of what they saw. It was a pleasure to work with them.

For all that, there are few signs of self-congratulation. Rather, there is an air of apprehension. Renewal of the licence is not an end in itself.

This local pride is not based solely on sentimental attachment. Hull Telephones offers a cheaper service than the Post Office.

Mr. Matthews is full of praise for the corporation officials, who combined with his own senior engineers to produce a joint document.

concern at Hull's Telephone House than pressure from the unions. The municipal network is linked with the rest of the nation through a series of connections between itself and a trunk cable laid from the outside world into the centre of Hull.

No problems

There are no problems in this area at the moment; but there may be in the foreseeable future. Hull still runs largely on an electro-mechanical system known as "Strowger"...

Pretty pictures sell well

SOTHEBY'S CONCLUDED its winter Impressionist and Modern paintings week with a sale of 16 important works which totalled £804,586...

SALE ROOM

BY ANTHONY THORNTON



"The Unsaddling Enclosure (Epsom)", by Sir Alfred Munnings, one of the paintings given by the Trustees of the Sir Alfred Munnings Art Museum...

TV Radio

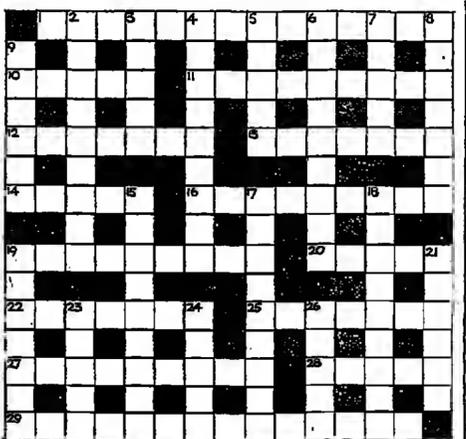
BBC 1
12.45 p.m. News, Weather, 1.00 Pebble Mill, 1.45 Barnaby, 3.00 Popol y Cwm...

Account, 10.15-10.45. Spectrum, 10.45-10.48 News for Scotland, 12.15 a.m. Weather.

CHELTENHAM
12.45-Tullock Lane\*\*\*
1.15-No Defence
1.50-Zongalero\*\*
2.25-Parkhill
3.00-Line Shooter
3.30-No Retreat!

bureau-cabinet of 1720, in French marquetry bureau-cylindre sold for £700, another London dealer, H.R.

F.T. CROSSWORD PUZZLE No. 3,540



ACROSS
1 Cost of power could provide a shock (8, 6)
10 Ill-digested credit due for a change (5)
11 Applicant for planning permission working with negative results (9)

BBC 2
11.00 a.m. Play School, 1.35 p.m. Racing from Cheltenham...

RADIO 1
247m
6.00 a.m. Shakespeare broadcast, 6.30 a.m. As Radio 2, 7.00 Noel Edmonds...

BORDER
9.30 a.m. Habitual U.K. 10.00 Animated Cartoons...

RADIO 2
1.00m and VHF
6.00 a.m. News, Weather, 6.30 Colin Berry, 6.15 Parade for Thailand...

TYNE TEES
9.25 a.m. North East News, Starting Point, 9.30 Garry Crockett, 10.15 Beachcomber...

YORKSHIRE
10.25 a.m. Friends of Man, 10.50 Skippy, 11.00 Caravan, 11.15 Fodder...

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Cinema

# Carry on London

by NIGEL ANDREWS

London Film Festival  
Hyena's Sun (A) Minima

The 21st London Film Festival has come and gone, and to my eyes at least it seemed a quite outstanding success. Programme director Ken Wlaschin has often been criticised for his too-often-approach to choosing films. "Unstructured," scold the purists about the festival's programming policy. But I welcome the breadth of choice the LFF offers. Wlaschin's method of selecting films mainly on the basis that they have attracted interest and controversy at previous festivals or screening events (or else simply because he likes them himself) will doubtless cause alarm among those who think that films must be put through the wringer of a critical value system before they are fit to be hung out at a festival. But Wlaschin proves a generous and rewarding policy, and an uncontaminated by stigma. He allows his audience to form and apply their own critical values, and he gives them an impressively wide choice of films with which to do so.

He even put on display this year a distinctly shaky selection of British films, so that audiences can at least know what is being done by independent film-makers in this country. Most of the films were not received with great rapture, but again the safety-net numbers policy paid its scattered rewards. Jonathan Lewis's *Before Midnight*, Stephen Dunning's *Silent Cry* and Malcolm Lewis's *Blindfold Descending* all attracted interest. And Michael Miller's *The Experience* proved a remarkable first feature: a two-part, 35-hour film made for German TV. The film wades ankle-deep in melodrama and pommery, and she finally takes off by plane for Africa, clad in leopard-skins, for a reunion with her imagined lover.

The Cuban film *The Last Supper* is made of sterner, less whimsical stuff, and handles its political beliefs like a marionette. The film is vividly photographed and vigorously directed (by Thomas Alea), but it is one of those films that put all their goods, as it were, in the shop window. The long central scene in which the white slave-owner (the time is 1790s) enacts his own imitation of Christ by entertaining 12 slaves to dinner, has a fierce and vivid wit; but the illuminations



Lari Doghmi and Ahmed Snoussi in 'Hyena's Sun'

offered by its lightning-flash ironies are showy and short-lived. Although it does so in a striking manner, the film seems to me to spend most of its time expounding the obvious.

*Camouflage*, by the Polish director Krzysztof Zanussi, is far from showy; but it drifts too far from anything in the opposite direction. Virtually a duologue between two professors at a university summer school—one an ingenious young liberal, the other a cynical old hand—the film bats demurely back and forth its ideas about instinct versus intellect, cynicism versus idealism, until it comes belatedly to life with an impromptu wrestling match between the two men, when their intellectual antipathy at last takes physical shape. Most of what goes before, however, could be happily absorbed and accommodated in a radio play.

Two new films from India lent the festival a leisurely distinction. Leisurely is certainly the word for Shyam Benegal's *The Churning*, which lasts 2 1/2 hours and tells the story of an attempt to set up a milk co-operative in a village. The pace of Benegal's film is a few beats slower than my own metabolism, for I find it impossible to sit through most of them without frequent consultations with my watch. But Benegal vindicates the time he takes with the wealth of incidental detail, and the painstaking authenticity of time, place and character.

Satyajit Ray's *The Chess Players* is not fast of foot either. But slowness is half the point, and half the joke, of this film set in the pre-Raj India of the 1850s. The East India Company, represented by Richard Attenborough as a huffy British General, is anxious peacefully to detour the musician-poet king who lords it over Lucknow. The diplomatic manoeuvres that ensue are comically cross-cut with scenes depicting the activities of the two chess-playing Nawabs, who try to remain oblivious alike to the historical realities surging around them and to the slow disintegration of their own marriages: neither of their wives being at all happy with the role of chess widow. For all its slow tempo and seeming blandness, the film has wit, precision and mischievous intricacy of an Indian miniature.

Most of the films I have talked about have found—or almost certainly will find—British distribution. Among those that have

not, some gallant exhibitor must quickly come to the rescue of Sembene's *Ceddo*, Marta Meszaros's *Nine Months*, Hasegawa's *Murderer of Youth* and Sohrab Seless's *Diary of a Lover*. None of these films deserves to be cold-shouldered. An nor do two remarkable short features by the Hong Kong director Allen Fong, *Wild Children* and *Song of Yuen-Chau-Chai*. These superb little films, chunks of neo-realism cut and polished to a gem-like perfection, show that there is more to today's Hong Kong cinema than the foot-wielding bravura of the Martial Arts genre; and that that "more" is well worth prompt and thorough investigation.

One film that has quickly made the leap from the London Film Festival to a West End cinema is Hyena's Sun. This first feature by a young Tunisian director, Ridha Behi,

describes the injurious effects of the tourist life and culture of North Africa, telling the story of a fishing village that suddenly finds its traditional way of life pushed into obsolescence by the arrival of a gigantic tourist village, built in their midst by German speculators. The village market is gradually usurped by souvenir stalls, the most vocal opponent of the tourist centre is carted off to jail, and the women washing clothes in their customary spot on the sea-shore are brusquely shooed away in case they "pollute" the bathing area.

The story is well told, skilfully directed and eloquently photographed (by Theo van de Sande). But the film is finally blameworthy for its own good intentions. In trying to find a golden mean between two cinematic extremes—that of documentary objectivity and that of partisan identification with its subject—the film ends up in a dilapidated and inexpressive no-man's-land. Only towards the end, with two scenes (one in which the jailed man is visited by his wife, another in which the stubborn village blacksmith at last capitulates and turns his anvil into a hammer) do the issues take on the shock of recognition that comes from their being identified with people we seem to know.

# Shaftebury Drake's Dream

by B. A. YOUNG



Paul Jones and Caro Gurney

*Drake's Dream* is a pantomime, with book by Simon Brett and songs by Lynne and Richard Riley. It isn't based on one of the traditional pantomime stories, however, but on the story of Drake's voyage round the world in the Golden Hind.

If the director, Nicolas Young, would get the writers to cut out the bits about the whores of Portsmouth, and one or two other sleazy moments, *Drake's Dream* would make a tolerable holiday for children at Christmas show time. There's an exciting set by Angela Muhl, featuring the Golden Hind itself. Children will probably not notice the monotony of the songs, almost all in minor keys, with four solid beats in every bar urging them along, nor will they mind the emptiness of the lyrics. They will enjoy the jokes about Anachronistic Tudor Television, and they can be happy hissing Bill Bradley as the lispig King Philip of Spain.

Grown-ups may find it harder going. It certainly starts off on the right foot from my point of view when Paul Jones as Drake corrects someone for saying "like it is" when he means "as it was": but the book doesn't stay for long at such a high intellectual level. Indeed it plays at pantomime level throughout. Queen Elizabeth the First (Caro Gurney) has lines like "That's what being a queen's all about—get it?"

The story-line follows Drake's ship to South America, through the Magellan Straits into the Pacific, northward to California (where we see Drake plant the brass plate now thought to be a forgery); then, casually deciding to look for the North-West Passage, off they go to the Spice Islands, apparently transferred from the East Indies to the West Indies; they strike a reef in the

Indian Ocean and almost have to jettison their boat; but in the end they come home to a joyful reception.

The songs come up too often, and are too characteristic; and they have this odd characteristic I've mentioned, that they're almost all in the minor, which doesn't make for a jolly atmosphere. The singing is heard through speakers on either side of the stage as the singers hold their microphones in front of their faces. Oh, dear Paul Jones, whom I have praised for your Hamlet, no less, but those makes away! You can make yourself heard without them if you can play Shakespeare in the open at Ladbroke Castle. Try to imagine yourself, handsome and elegant in your bronze-coloured suit, your pointed beard emphasising your lively dignity, representing a statue atop a great pedestal, then raising this ridiculous instrument to your mouth. No one except the pop fans who used to mope you in your other life wants the music as loud as this. Hurl your electronic abomina-

## Awards for Book illustration and bibliography

The Arts Council and the Provincial Booksellers' Association announce that two awards of £250, offered by the Association, will be made in June, 1978, for an illustrated book and a work of bibliography. The adjudicators for the illustrated book award must have started work on the book by the end of March 31, 1978. The adjudicators for the bibliography award should be notified by an individual for a Fair in London, June 12-14, 1978, where selected entries will be exhibited.

## Festival Hall

### Die Jakobsleiter

For all one's grateful admiration for what Dietrich Buxtehude has done in recent years to educate and enlighten us, there have been evenings when he has seemed to function more as executor than interpreter, evenings when his personal involvement in the music was all but indetectable. Wednesday's concert with the BBC Symphony Orchestra was one of these. Each work was performed with a precision and a clarity that was almost too good to be true. The music was played with a precision and a clarity that was almost too good to be true. The music was played with a precision and a clarity that was almost too good to be true.

## Coliseum

### Dalibor

by MAX LÖPERT



Malcolm Rivers and John Mitchinson

As if to answer fears that *Dalibor* is essentially a "Festival opera" and thus unlikely to acquire repertory status outside the land of its birth, the revival on Wednesday was well attended and warmly received. So much so that Smetana's patriotic, tragic opera is noble and uplifting, and its vein of nationalistic heroism appeals that doubts and fears of any kind must seem sadly constricted to believers in the piece. I must confess that for me the English National Opera production, at least in present form, affords no continuous or coherent theatrical experience, but rather a series of strikingly beautiful moments, with some quite deep troughs separating them.

In Richard Strauss's contention that the principal interest of *The Ring* lies in the orchestra, there was no doubt a dash of prophetic over-optimism. Any contention that in *Dalibor* the orchestra alone sustains and rewards the attention is likewise overstated. Yet on more than one occasion it was in the orchestra alone, and in Smetana's handling of it with the myriad degrees of sweetness and shine exacted from its timbres, and the heart-easing fecundity with which sounds and harmonies are matched, that events seemed fully motivated, characterised and followed through. The plangent twining of harp, solo violin and cello around trembling strings, the peculiarly gratifying and personal sound of Smetana's oboe, hawson and trumpet: these were all "characters" more consistent and more substantial than any of those on stage.

This may have been the consequence of a performance whose musical and dramatic achievement existed on sharply different levels. The conducting of Charles Mackerras has seldom aroused a more passionate and glowing awe of sound from his players—if at times the orchestra came close to drowning the stage even in full cry, that was a single, forgiveable fault in an urgent enthusiasm for the composer so generously and at the

**NOTICE**  
The directors of AI NIPPON PRINTING CO. LTD. have decided to recommend a Final Dividend of 3.979807p gross, 1903p net, making a total for the year of 5.02824p gross, 3.631903p net, as compared with 5.00262p gross for the previous year. The Directors would have felt the restrictions at present in force, the Directors would have felt it in recommending a much greater increase in the Dividend. Unappropriated profits for the year amounted to £767,516 bringing consolidated net assets for the Group to £3,807,573.

## J. SMART & CO. (CONTRACTORS) LIMITED

Annual General Meeting was held in Edinburgh on 8th December, 1977. The following is the circulated review of Mr. J. Smart, Chairman and Managing Director

**Counts**  
The Group profit for the year amounts to £1,722,073 compared with £1,690,000 in 1976 and the Board's forecast in June this year of £1,690,000. This profit has been arrived at after a charge for depreciation amounting to £353,760 (£370,733).  
The Board is recommending a Final Dividend of 3.979807p gross, 1903p net, making a total for the year of 5.02824p gross, 3.631903p net, as compared with 5.00262p gross for the previous year. Were it not for the restrictions at present in force, the Directors would have felt it in recommending a much greater increase in the Dividend. Unappropriated profits for the year amounted to £767,516 bringing consolidated net assets for the Group to £3,807,573.

**Trading Activities**  
During the year under review, all members of the Group traded profitably in spite of the highly competitive conditions which prevailed. Again, a feature of the year's activities was the high level of contribution achieved ahead of schedule and it will be noted that it has been possible to maintain profitability in the face of reduced turnover.

**Future Prospects**  
The Group has a somewhat larger volume of work in hand than it has at this time last year. Whilst it is difficult to judge the situation with any accuracy, it would appear that it will be possible to maintain at least the level of activity for some time to come.  
Progress in the first quarter of the current year has been very encouraging and I am confident that, subject only to unforeseen circumstances, the Group will continue to prosper.

## John Whiting Award

The Arts Council has presented the John Whiting Award for 1976 to David Lan for his play *Winter Dancers*. The play was selected from 49 entries by a unanimous decision of the judges, actress Prunella Scales, critic Irving Wardle, and director Richard Eyre. The award, which is worth £1,000, was instituted in 1968 to commemorate John Whiting and is given for work which demonstrates a new and distinctive development in dramatic writing.

## Royal Ballet School Gala

The Royal Ballet School is presenting a special Gala performance of the film *The Children of Theatre Street* on January 10, 1978, in the presence of Princess Margaret, at the Princess Anne Theatre, the British Academy of Film and Television Arts, 196 Piccadilly, London W1A 3PP, in aid of the School's Endowment Fund.

The film, produced by Earle Mack with the full co-operation of the Soviet authorities, has been narrated by Princess Grace of Monaco. In her first professional film appearance in many years, she will be seen only showing in this country.

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EUROPEAN NEWS

France set for tense winter over pay policy

BY DAVID CURRY

PARIS, Dec. 8.

IT LOOKS AS IF the run-up to France's general election next March will be marked by increasing tension on the industrial relations front as the more militant unions challenge the Government's incomes policy. M. Georges Seguy, leader of the Communist-controlled CGT union and himself a Communist central committee member, has already warned that neither Christmas nor the general election would be allowed to get in the way of the campaign by the CGT and the Left-wing CFTD union for pay increases beyond the Government's norm. Today, as a week of electricity cuts came to an end, the CGT proposed to the CFTD that they renew the action in a week's time to coincide with a union-management meeting over pay. The cuts of at least one hour daily over the country, combined with longer strikes by rotation in the regions have already brought company directors out on to the streets to demonstrate. The Government is having difficulty dampening down a campaign by some employers and conservative politicians for the right to strike to be restricted in public service sectors. "I must point out in a friendly way that we must not respond to attacks on freedom committed by some employees, by ourselves attacking freedom through the requisition of labour," M. Rene Monory, the Industry Minister told the National Assembly. However, a succession of Government speakers, from the Prime Minister down, have campaigned against the electricity workers by emphasising the special privileges they enjoyed of guaranteed work and early retirement, effectively insulating them from austerity. As the present phase of action in the electricity utility came to an end, four railway unions called some 30,000 men out on strike to-night for four days to protest against plans to extend single manning in engine cabs. The unions say that 10,000 jobs are at risk; the management argues that 600 at the most are threatened by 1980 and very little more subsequently, all of which can be taken care of by natural wastage. The strike will dislocate, but not stop, main-line and commuter services. Today was also the first day of the 48-hour strike by Air France stewards and stewardesses against working conditions on jumbo jets. As a result of this and disputes involving navigation officers, Air France today lost about a third of long-distance and two thirds of middle-distance flights. To complete the picture, Stock Exchange employees and Paris industrial action over the past few days. White noise of the strikes has been universally followed—and the electricity stoppage has been widely condemned by moderate unions—it indicates that the Government will have a difficult task in imposing, as it intends, a second year of incomes policy. It is also bound to suggest that the more radical unions from any one electoral inhibition they may have felt while the Left looked an easy winner in March, and it was necessary not to upset the political apple cart.

Basque demonstrations

PAMPLONA, Dec. 8.

THOUSANDS of Basque nationalists demonstrated here today for the integration of Navarre province into an autonomous Basque region in northern Spain. Riot police, including two brigades brought in from other cities, stood by to prevent trouble after violent demonstrations for home rule in another restive

Europeans want closer arms talks involvement

By Reginald Dale

BRUSSELS, Dec. 8.

EUROPEAN GOVERNMENTS would like to be much more closely involved in future arms limitation negotiations between the U.S. and the Soviet Union, particularly if they directly involve the defence of Western Europe. Washington, however, has made it clear that there is no chance of the Europeans acquiring a veto over bilateral deals it may make with Moscow. In ministerial discussions here, over the past few days, West Germany has taken the lead in suggesting that European countries should be included in the preparation of common NATO positions for negotiations with the Soviet Union on arms limitation, apparently in much the same way as the alliance's members now decide a joint stance for the force reduction (MBFR) talks with the Warsaw Pact in Vienna. Belgium and the U.K. appear to back the German suggestion. However, as afraid of compromising its independent defence policy by becoming too involved. At today's session of the annual Nato ministerial meeting here, Mr. Cyrus Vance, the Secretary of State, again sought to reassure the Europeans that Washington would not bargain away their future defence capability in private deals with the Soviet Union. Washington, he said, had always resisted the inclusion of European-based nuclear forces in the SALT negotiations, and would continue to do so. He made it quite clear, however, that Washington regarded a new SALT agreement as crucial to its relations with Moscow, and that the Europeans would have to accept that it was in their overall interest.

The West Germans are particularly concerned that in a future SALT 3, the U.S. might be tempted to negotiate limitations on weapons based in Western Europe. Britain would also want to be closely associated with any negotiations that concerned the U.K.'s defences, although specific ways of involving the West Europeans more closely are still being studied. Dr. David Owen, the British Foreign Secretary, called for a major new initiative to relaunch the stalled MBFR talks in Vienna.

Spain to slow down nuclear power growth

BY ROBERT GRAHAM

MADRID, Dec. 8

SLOWER GROWTH projections energy plan was also part of the Spanish programme of reforms in the energy needs. According to Sr. Oliart, the principle of increased use of nuclear power to cater for Spain's energy needs has not been altered. Under the old energy plan nuclear energy was expected to provide 50 per cent of needs by 1987. Instead the new projections of 25 per cent of needs by 1987, and an optimistic 4 per cent from 1979 to 1987 have made appropriate adjustments in the nuclear programme necessary.

Two years ago domestic production had been expected to increase at around 6.7 per cent a year during 1977-87. However, new projections of 2.5 per cent growth this year, 1.2 per cent in 1978, and an optimistic 4 per cent from 1979 to 1987 have made appropriate adjustments in the nuclear programme necessary. Instead of having some 20 nuclear reactors operational in 1980, there will now be 14 to 15. Having first used nuclear power in 1968, Spain now has three reactors operational, with another three due on stream in 1978, when nuclear power will

provide 8 per cent of total energy needs. According to Sr. Oliart, the principle of increased use of nuclear power to cater for Spain's energy needs has not been altered. Under the old energy plan nuclear energy was expected to provide 50 per cent of needs by 1987. Instead the new projections of 25 per cent of needs by 1987, and an optimistic 4 per cent from 1979 to 1987 have made appropriate adjustments in the nuclear programme necessary. Instead of having some 20 nuclear reactors operational in 1980, there will now be 14 to 15. Having first used nuclear power in 1968, Spain now has three reactors operational, with another three due on stream in 1978, when nuclear power will provide 8 per cent of total energy needs. According to Sr. Oliart, the principle of increased use of nuclear power to cater for Spain's energy needs has not been altered. Under the old energy plan nuclear energy was expected to provide 50 per cent of needs by 1987. Instead the new projections of 25 per cent of needs by 1987, and an optimistic 4 per cent from 1979 to 1987 have made appropriate adjustments in the nuclear programme necessary.

White Paper is a proposal to rationalise the energy interests of the State holding companies. Sr. Oliart denies that it wants to create "another ENI" (the Italian state oil company with integrated oil and petrochemical interests). The chief concern is to bring Campesano, Spain's largest refining and distributing company, within the IMI fold. Present 51 per cent of Campesano shares are Government-owned but held by the Ministry of Finance. The rest is in private hands, mainly those of the bank. Sr. Oliart said the plan to share the private shareholders in Campesano, but transfer the shares to an INI holding. Government to go much further than this.

Romania plans rapid industrialisation

BY PAUL LENDVAI

VIENNA, Dec. 8.

DESPITE the devastation caused by last March's earthquake, Romania will continue its policy of rapid industrialisation, and plans to invest 30 to 33 per cent of national income between now and 1985.

This is one of the main conclusions which emerges from the lengthy speech delivered by President Nicolae Ceausescu on Wednesday at the National Party Conference of the Romanian Communist Party in Bucharest.

The President said that industrial output during the 1981-85

plan should rise by 55 to 60 per cent. As a result, Romania will catch up by 1985 with the developed industrial countries in per capita output of steel, power, engineering products, chemicals, plastics, cereals, meat and sugar. National income per head should reach \$2,400-\$2,500 by 1985.

Despite the concentration in investment, the Romanian party leader insisted that the standard of living will also rise more rapidly. From January 1978, the working week will be gradually reduced from 48 to 44 hours. He also promised that 1.3m. flats

will be built during the period of the 1981-85 plan. Nevertheless, it is difficult to see how any appreciable improvement in real earnings can be expected in the medium term, given the investment target.

The conference, attended by 2,500 party delegates, will draw up the guidelines for the coming Five Year Plan. Meanwhile, it is claimed that, despite the earthquake, the targets for the first two years of the current 1976-80 plan have been not only fulfilled but even over-fulfilled. Predictions expressed sympathy for the concept of Eurocommunism.

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New plan for Finnish economy

By Lance Keyworth

HELSINKI, Dec. 8.

THE FINNISH Government today produced a new plan for stimulation and adjustment of the national economy. It proposes a wage freeze for six months, a corresponding freeze on prices, reduction of dividends, and compensation relief on taxes and security payments.

The net benefit is estimated to be a primary 1.5bn. Fimmarks (\$700m.), which is one of what some experts estimated to be needed. Immediate reaction from industry was that the new wage freeze is inadequate, and a moderate devaluation of the currency is also required.

The official plan requires that Parliament grant the Government emergency powers. The passage of legislation, which requires approval by five-sixths of legislators, is by no means certain. The new package leaves uncertain the future of the government, and likely to other devaluation of the currency.

East German boost for Moscow diplomacy

BY LESLIE COLT

BERLIN, Dec. 8.

EAST GERMANY is demonstrating this week how important it has become in executing the foreign policy of its closest ally, the Soviet Union. Herr Erich Honecker, the East German Communist Party leader and Head of State is touring Asia, while his emissaries are negotiating with Heads of State in the Middle East and Africa on the confides of those regions. In the course of expanding its foreign relations since world-wide recognition began in 1972, East Germany has become the second most important source of support, after Moscow, for Marxist-oriented governments in the Third World.

Herr Honecker began his Asian trip in Vietnam, which continues to receive substantial East German economic support. Since 1958, East Germany has built 26 factories in Vietnam and seven more are to be completed by 1980. Thousands more Vietnamese students and technicians are to complete their training in the country. Among the many solidarity campaigns in East Germany contributions are automatically deducted from wages, the collections for Vietnam have been genuinely popular. In the Philippines this week, Herr Honecker heard President Ferdinand Marcos say that "small countries and developing countries can learn from the example of the German Democratic Republic." The two Governments

signed a trade agreement listing a number of products that could be exchanged. Normally, East Germany takes only 4.8 per cent of its imports from developing countries and exports 4.4 per cent to them.

While the East German leader was in Manila, his special envoy, Herr Werner Lamberz, a Politburo member and Central Committee Secretary for Agriculture, conferred in Addis Ababa with Ethiopia's leader Colonel Mengistu. East Germany has been shipping large quantities of "solidarity goods" to Ethiopia and strong ties have developed between East Berlin and the pro-Soviet Ethiopian military Government.

Not all East German aid is confined to technical assistance, educational programmes and medical supplies. During a recent visit to East Germany, the President of the People's Republic of the Congo, Colonel Joachim Yhombi-Opango, expressed his satisfaction over the "comradeship-ties" between the Congolese People's Army and the National People's Army of East Germany. He noted that the first group of Congolese officers trained in East Germany is about to return home.

White Paper is a proposal to rationalise the energy interests of the State holding companies. Sr. Oliart denies that it wants to create "another ENI" (the Italian state oil company with integrated oil and petrochemical interests). The chief concern is to bring Campesano, Spain's largest refining and distributing company, within the IMI fold. Present 51 per cent of Campesano shares are Government-owned but held by the Ministry of Finance. The rest is in private hands, mainly those of the bank. Sr. Oliart said the plan to share the private shareholders in Campesano, but transfer the shares to an INI holding. Government to go much further than this.

Advertisement for Deutsche Bank featuring a large image of a key and the slogan 'Attraction is not always a matter of strength.' The text describes the bank's global reach, experience in universal banking, and commitment to customer service. It includes contact information for the Central Office in Frankfurt and a London Branch at 44, Moorgate.

EUROPEAN NEWS

ANDREOTTI AND THE COMMUNISTS

Weighing the price of a stiff budget

BY DOMINICK J. COYLE IN ROME

ITALY'S undertakings given to a fairytale which, it now appears the International Monetary Fund...

The upper limit on next year's budget deficit now comes out close to L30,000bn., rather than the L14,450bn. projected in the budget

over the week-end, and it is not impossible—although still marginally less likely—that the budget talks could be deadlocked...

Two years ago the Socialist Party (PSI), displaying what it no doubt considered to be more political acumen than seasonal goodwill...

There are, of course, differences. The PSI then was part of the Government as it turned out the last of the series of Centre-Left administrations begun in the early 1960s...

This informal arrangement, entered into after much preliminary discussion last July, provides that the Andreotti Government shall consult with the five opposition parties prior to presenting major pieces of legislation or announcing significant administrative measures...

Union fires opening shot in W. German pay round

BY ADRIAN DICKS

BONN, Dec. 8.

INDUSTRIE-GEWERKSCHAFT Metall, the huge union that represents West German workers in the steel, engineering, motor manufacturing and other metal industries...

The IG-Metall leaders are well aware that this opener, as it must be considered, will bring down on the heads yet another barrage of criticism. Most independent economic commentators have urged wage restraint as the only way in which West Germany can hope next year to offset the low level of business confidence and the increasingly alarming effects on export prospects of the remorseless rise of the Deutschmark.

EUROPE'S CURRENCIES AND THE DOLLAR

High rates are French defence

By Our Own Correspondent

PARIS, Dec. 8. THE FRENCH government has been pursuing a policy of using interest rates, rather than intervention on the foreign exchange markets, to protect the franc.

The franc has remained generally stable over the past 15 months. By the end of summer this year, overnight rates had slipped to 8 per cent from the 11 per cent of the beginning of the year.

However, over the past six weeks, the trend has been reversed. The franc has remained generally stable over the past 15 months. By the end of summer this year, overnight rates had slipped to 8 per cent from the 11 per cent of the beginning of the year.

W. German industry concern over exports

BY GUY HAWTHIN

FRANKFURT, Dec. 8.

THE TURMOIL on the foreign exchange markets is causing considerable concern to West German industrialists, who fear that the further increase in the value of the Deutsche mark will...

A number of important industries, including chemicals and machine tools, have already without intervention the dollar, reported heavy declines in overseas sales this year.

This is discounted by the Government and the Bundesbank figures showed that during the first 10 months of the year the mark had appreciated by an average 4.6 per cent against the currencies of the country's 22 leading trade partners.

Norway pressure eases

BY WILLIAM DULLFORCE

STOCKHOLM, Dec. 8.

THE SCANDINAVIAN currency markets have been calmer over the last two days, with only minor intervention by the Danish and Norwegian central banks in support of their currencies.

Mr. Knut Getz Wold, Governor of the Bank of Norway, said there were no plans to realign currencies with the snake and no intention of dissolving it.

However, over the past six weeks, the trend has been reversed. The franc has remained generally stable over the past 15 months.

bank, but businessmen are by no means convinced. However, although the steel, chemicals and machine tools are heavily under pressure, the country's trade surplus in the first nine months of the year showed a 6.6 per cent increase compared with the same period of 1976.

Some foreign observers believe that the point may have been reached that the upward revaluation of the D-mark has at least reached the point where it will hit exports, but others point out that the areas danger to West German industry comes from a potential increase in imports.

The import figures are somewhat distorted a low 2.6 per cent rise in crude oil imports. Non-petroleum imports went up by 7.3 per cent to DM155,725bn.

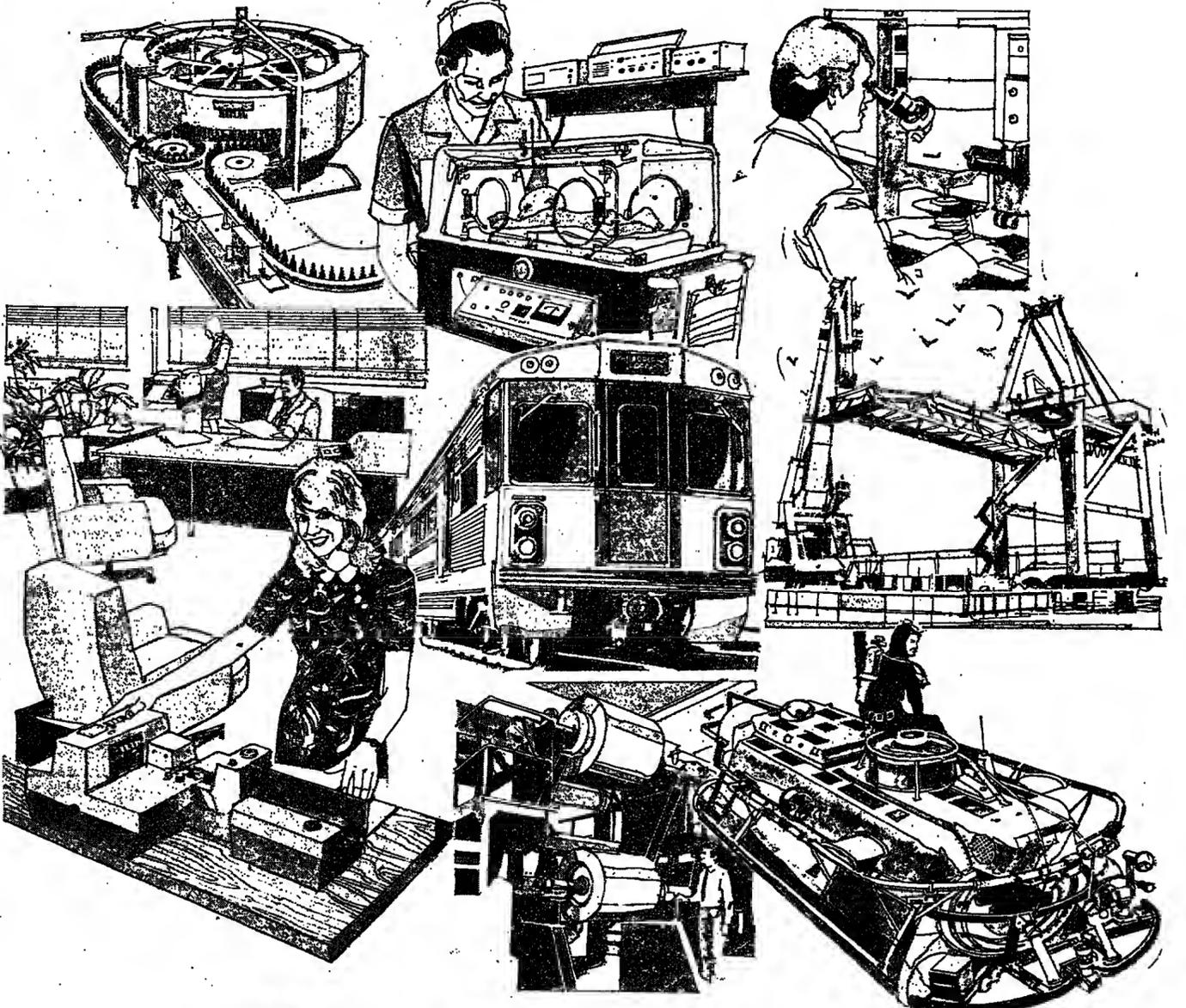
BRUSSELS, Dec. 8.

Belgian franc may be realigned

BY DAVID BUCHAN

THE BELGIAN authorities have in the last two weeks—by a combination of public statement and interest rate increase—kept the Belgian franc at its present parity in the "snake" joint boat.

Interest for the time being has switched to the Finnish mark, which is threatened with devaluation, if the Government fails to offer trade union backing for an incomes policy.



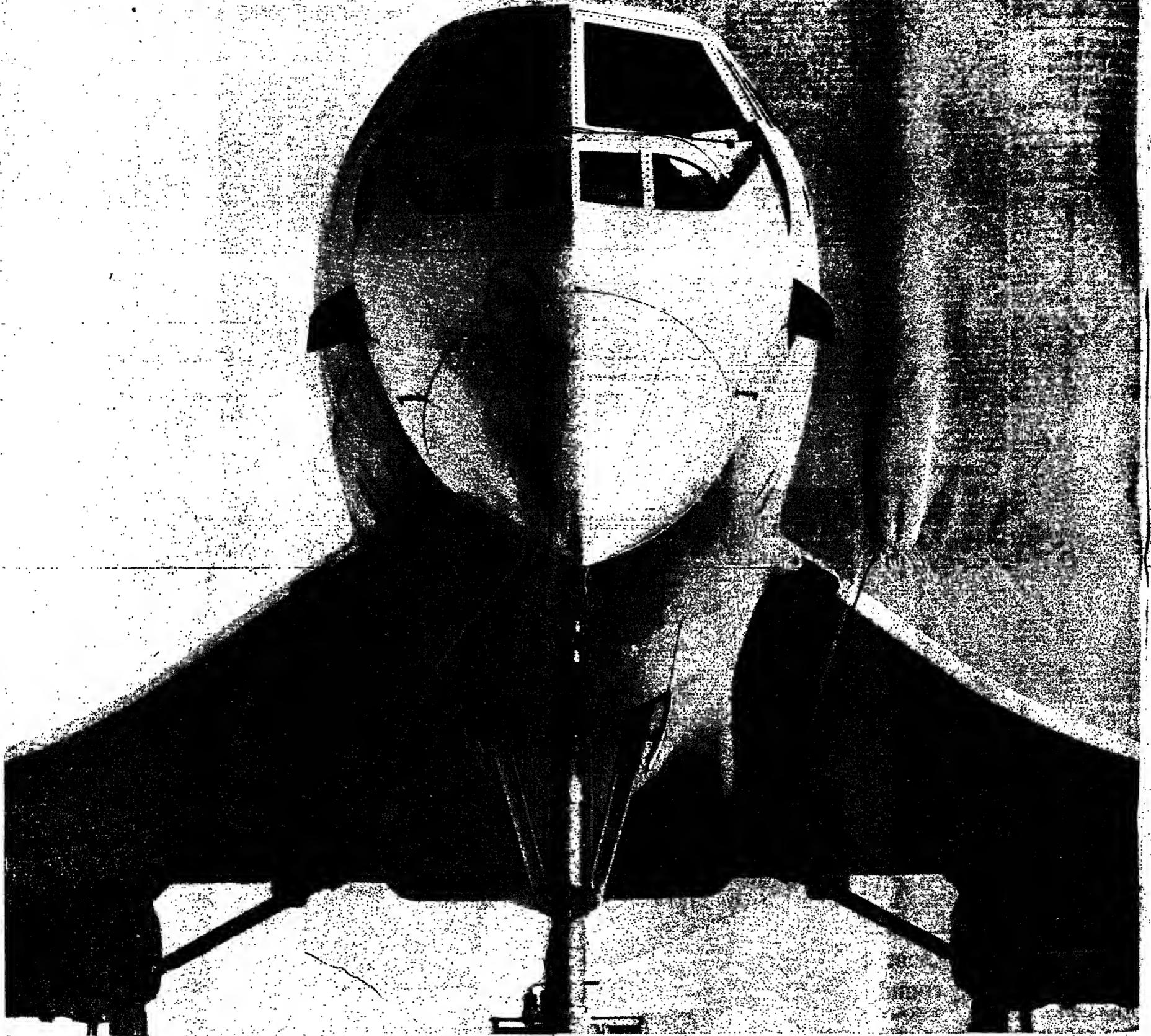
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*John G. ...*

AMERICAN NEWS

Armco chief sceptical of Carter steel proposals

BY STEWART FLEMING

NEW YORK, Dec. 8.

Mr. William Verity, chairman of Armco Steel, said today that he would have preferred the U.S. industry to have been free to continue to file anti-dumping legal actions against foreign importers...

THE WEAKNESS OF THE U.S. TREASURY

Playing discords on second fiddle

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

WHEN JIMMY CARTER became President, he promised a more eclectic style of Government. Individual departments would not be instructed to adhere rigidly to policies laid down in the White House...

William Simon and John Connally, carried that cachet to a degree that helped offset deficiencies in their policies. Their principal Under-Secretaries, men like Paul Volcker, Charles Walker and Edwin Yeo, played able supporting roles.

More generally, and sometimes deliberately, the Treasury has also given up some of its primacy in international economic policy. In a sense this is no bad thing, since it may be desirable to broaden the horizons of other departments.

The Treasury's shortcomings cannot only be blamed on weak personalities. It also seems unsure of what it believes. Mr. Anthony Solomon, whose official title covers monetary affairs for much of this year...

EEC considers own trigger price

BY DAVID BUCHAN

BRUSSELS, Dec. 8.

THE PROPOSED U.S. trigger price, aimed at keeping steel imports sold below cost out of the U.S. market, seems complicated but workable...

Wholesale prices up 0.7%

BY OUR OWN CORRESPONDENT

WASHINGTON, Dec. 8.

U.S. WHOLESALE prices rose which recorded an exceptionally sharp 16.7 per cent. increase last month. A major cause of this has been the withholding of wheat...

Caribbean states seek solution to Belize dispute

BY HUGH O'SHAUGHNESSY

AS A BIG diplomatic push starts today in the Caribbean, to find a lasting solution to the problem of Guatemalan territorial claims against Belize...

Price, the Belizean Premier. It is likely that the meeting will produce a hardening of opinion in Latin America and the Caribbean against the Guatemalan claim.

be attended by representatives of the Bahamas, Bolivia and Trinidad and Tobago—is likely to have informal discussions about a large package of financial aid which a number of donors, including principally the U.S. and Venezuela, are trying to create for the poorer countries of the Caribbean.

dorean authorities that the after his assumption of power on June 1, Gen. Romero pledged Salvadorean military support to Guatemala on the Belize issue.

Advertisement for Bosch power tools and freezers. Features a grid of product categories (A-W) and a large headline: 'There's more to Bosch than spark plugs, power tools and freezers...'. Includes text about Bosch's history and current capabilities.

Handwritten signature or mark at the bottom of the page.

OVERSEAS NEWS

WORLD TRADE NEWS

British lawyer condemns police role in Biko death

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

DAMNING indictment of the death in detention of Mr. Biko, the black South African leader, was made today by a senior British lawyer who tended the recent Biko inquest in Pretoria.

Sir David Napley, said president of the Law Society, said in a 20-page statement published today that, contrary to the findings of the inquest, he had "no doubt that Mr. Biko died as a result of brain injury inflicted on him by one or more members of the security police."

Sir David, who was invited to attend the Biko inquest by the Association of Law Societies of South Africa, said that, given South African law, he did not disagree with the decision of the magistrate to bring in a verdict not naming any particular person for Mr. Biko's death, although he believes that "one or more of a group of persons" could have been named.

Israelis admit expelling 1,180

By David Lennon

ISRAELI TV, Dec. 7. ISRAEL HAS expelled 1,180 people for security or terrorism offences since 1967, but only 68 of them were residents of the occupied territories, summarily deported because of "incitement or for severe security reasons," the Financial Times was told officially today.

Russia registers surplus in trade with the West

BY DAVID SATTER

MOSCOW, Dec. 8.

FOR THE first time in several years, the Soviet Union registered a quarterly surplus in its trade with the industrialised West, according to figures just published in the Soviet journal, Foreign Trade.

The figures show that Soviet exports to the West for July, August and September of this year totalled 2.4bn. Roubles (\$1.2bn.), while imports came to only 2.2bn. Roubles (\$1.1bn.).

Three quarters of this year now totals only 46 per cent. of the Soviet debt with the West for the first nine months of last year which stood at Roubles2.5bn. The improvement in the Soviet Union's trade with the West may be only temporary but it occurs against the backdrop of an untypical drop in the overall volume of trade with the West.

Slower rate of growth for U.K. exports

By Lorne Barling

LATEST projections of British export performance, carried out by the Department of Trade, provide a more gloomy picture for the first half of next year than was previously expected.

No injuries in S. Africa bomb blast

JOHANNESBURG, Dec. 8.

A BOMB exploded today in a parking lot outside a railway station in Benoni causing damage, police said.

Canberra denies OECD inflation rate estimate

BY KENNETH RANDALL

CANBERRA, Dec. 8.

THE AUSTRALIAN Treasurer, Mr. John Howard, denied the accuracy today of OECD figures on Australia's current rate of inflation.

The election campaign was temporarily suspended today for the swearing in of a new Governor-General, Mr. Zelman Cowen, to replace Sir John Kerr, who two years ago resigned the Labor Government headed by Mr. Gough Whitlam.

Internal threat to EEC textiles

BY JONATHAN CARR

THE WEST GERMAN Government warned today of the growth of an internal threat to the textiles and clothing within the EEC, and said it would do all it could to reverse the trend.

Vast crowds cheer Sadat

By Our Foreign Staff

TENS OF THOUSANDS of Egyptians carrying placards and chanting slogans of support turned out in the square yesterday in front of the Abdin Palace in Cairo to give President Sadat a five-minute ovation.

Export credit agreement renewal likely

PARIS, Dec. 8. DETAILED TECHNICAL discussions on improving understanding and consultation between the 20 countries subscribing to the gentlemen's agreement on export credits have so far dominated the meeting here of credit insurers.

Somalis attack S. Ethiopia town

MOGADISHU, Dec. 8.

SOMALI forces this week launched an attack on one of the main Government garrisons in southern Ethiopia and provoked a mutiny among the defenders, the newspaper of the Western Somalia Liberation Front said today.

India agrees to prohibition

BY K. K. SHARMA

NEW DELHI, Dec. 8.

The Indian Cabinet has agreed that prohibition should be introduced in the country within four years, thereby bowing to a demand that the Prime Minister, Mr. Morarji Desai, has been persistently making, although most Ministers have serious reservations, on grounds that the decision is impracticable and would cause heavy losses of revenues that the country cannot afford.

Zaire Government resigns

KINSHASA, Dec. 8.

THE GOVERNMENT under charges of embezzlement, against President Mobutu Sese Seko Kibangu Ngbendu Kabila, resigned on Wednesday night, July 1 and November 25.

JCB to investigate U.S. links

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

AS PART of its drive into the American market, J.C. Bamford Excavators, the biggest British-owned construction equipment company, is investigating possible acquisitions in the U.S.

Mid-East staff turnover soars

BY MARK VAN DE WEYER

SOME 30 per cent. is being estimated the cost of poor recruitment at \$3.4bn. annually in the Middle East due to the choice of unsuitable staff according to Mr. Michael Berger, chief executive of Executive Resources International, a company specialising in recruiting people to work in Middle East countries.

Zeebrugge Port Expanding a door to the Continent

BY DAVID BUCHAN IN BRUSSELS

BRITISH users of Zeebrugge, one of the main links with the Continent (three quarters of the port's short sea traffic is with the U.K.) can expect a major transformation of its facilities.

Export credit agreement renewal likely

BY DAVID CURRY

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SOUTH AFRICA AND NAMIBIA

Security forces plan a long stay

BY JOHN STEWART, RECENTLY IN WINDHOEK

A MASS political rally organised by the African nationalist South West Africa People's Organisation (SWAPO), which was due to be held in Ovamboland (Northern Namibia), on December 17, may never take place because the organisers fear by the security police who intimidation by South African troops.

Premier Consolidated Oilfields Limited

Unaudited Group Results for the 6 months ended 30th September 1977

Table with 2 columns: Group Turnover, Profit Before Taxation, Taxation. Values: 495,455; 430,344; 65,111.

Exceptional profits of £84,000 are included in the above (1976 nil).

For the Half Year to 30th September 1976, Premier's turnover was £86,031; Profit before taxation was £306,804 and taxation absorbed £300,816. These figures are not comparable to the 1977 figures which include 5 1/2 months results of Bull and Collins (Oil and Gas) Limited, which was acquired on 18th April, 1977. Taxation arises almost entirely in Trinidad.

Since 31st March, 1977, the Company's cash balances and the value of its 8.9% interest in Oil Exploration (Holdings) Ltd., have increased substantially. During this six month period, Premier drilled three successful wells in the Reggente gas field in Italy and six nil producing wells on its properties in the Midway Sunset Oilfield in California.

In addition, the following current developments will be of interest to shareholders: 1. In the Italian Adriatic, Premier together with Montedison, has just been awarded an offshore exploration concession covering 63,000 acres.

2. In Western Australia, Premier has acquired an exploration licence of 230 square kilometres in the Perth Basin area.

3. In the United States, Premco Petroleum Inc., a wholly owned subsidiary, has signed heads of agreement to purchase 80% of a Texas gas producing company with proven reserves of 3.1 million MCF and probable/possible reserves of 6.2 million MCF.

4. In the British North Sea, Premier is completing arrangements with a group led by Zapata International Corporation of Houston, Texas, to farm out its interest in Block 3/23, subject to approval of the Department of Energy. It is expected that an exploratory well will be drilled in December or January at no cost to Premier which will then have a 10% interest in the block.

they had been approached by the South African defence force to secure 40 houses in the city for senior military personnel. This week it was reported that the municipality of Windhoek had made available a large tract of land four miles south of the city to accommodate military headquarters.

Public spending in Namibia may be as low as £100 million in South Africa, but civil construction companies confirm that much money is being spent on the expansion of military bases and airstrips in the northern territories. Increasing numbers of Namibian blacks are undergoing military training and untrained black troops are being sent to the north.

The mood of the black population is one of a strange paradox of war and peace. By night, as heavy troop trains clank through the city on their way to the operational areas in the north, the gardens and the lounges of the hotels and houses are lit up with the lights of a peaceful evening.

SWAPO is the only truly unified political grouping in Namibia. Its message is simple and its appeal overwhelming to most blacks. With the other political fronts and alliances seriously divided, there is little doubt that, given free and fair elections, SWAPO would gain a dominant position in a coalition assembly.

Observers in Windhoek believe that it may be in Pretoria's best interests, therefore, to leave unbridled the gulf between its own position and that of SWAPO, and to press ahead with its version of free elections which would certainly be boycotted by SWAPO.

On a recent visit to Windhoek this reporter found no evidence that the South African Government was planning a phased troop withdrawal. On the contrary, Windhoek property brokers freely mentioned that

Mid-East staff turnover soars

BY MARK VAN DE WEYER

SOME 30 per cent. is being estimated the cost of poor recruitment at \$3.4bn. annually in the Middle East due to the choice of unsuitable staff according to Mr. Michael Berger, chief executive of Executive Resources International, a company specialising in recruiting people to work in Middle East countries.

Mr. Berger said that the annual turnover rate of expatriate staff of 60 per cent was not uncommon, and even major international companies seemed to be resigning to losing 40 per cent each year. In Saudi Arabia he

who is hired to Dubai by being offered £10,000 a year, may well find himself saving little or nothing out of his salary. He also pointed out that there are surprising differences in the cost of living between some parts of the Middle East and others.

Mr. Berger was introducing his company's new series of surveys covering salaries and living costs in all the major Middle East countries. Each will be produced twice a year and is aimed at companies recruiting from Britain.

Most prospective employees were given a false impression of what life was like in the Middle East, he said. A married man with two children

Zeebrugge Port Expanding a door to the Continent

BY DAVID BUCHAN IN BRUSSELS

BRITISH users of Zeebrugge, one of the main links with the Continent (three quarters of the port's short sea traffic is with the U.K.) can expect a major transformation of its facilities.

With the recent announcement by the Belgian Government that it plans to spend B.Fr.41bn. (£850m.) in expanding the infrastructure of the country's only coastal port over the next seven or eight years. The total cost of the development (not all borne by the Government) will top B.Fr.100bn.

The plan will be finalised at a special Cabinet meeting today. Ministers will not be questioning the money for Zeebrugge, but rather assuaging regional jealousies by finding enough public work projects in other parts of the country to spend the capital, adding to the Brussels metro system.

thirds by Shell and the Belgian power companies, Intercom (Ebe), signed with the Algerian state gas company Sonatrach, stipulated that the annual deliveries of 5bn. cubic metres (for 20 years) should start in autumn 1980. The contract also includes a penalty clause of B.Fr.1bn. for every month after that in which the Belgians fail to take delivery of the gas.

Faced with this costly threat, and also construction delays at Zeebrugge, the Government had considered building a temporary floating terminal to take the gas. But, much to the relief of all concerned, the Algerian Government last month told the Belgians that because of delays on the Algerian side, they could have a grace period of another two years on the gas deliveries.

In fact, some Belgian officials doubt whether Sonatrach can even meet the new October 1982 deadline, given the history of problems Belgium has had with Algeria in this field. At one point before the 1975 contract, Belgium undertook to build tankers to ship Algerian gas for its own needs through the French LNG terminal at Fos near Marseilles. That deal fell through because the Algerians were not ready with the gas. Belgium has at the same time, given the B.Fr.5bn. low interest credit of the 1975 contract, to help them expand gas production and distribution.

Nevertheless, the latest Algerian delay comes at the inner harbour, the building of the

venient time. Even though two new outer sea walls and the creation of a large outer harbour has been made, it is doubtful whether the Belgian Government would be able to develop an alternative if energy were involved.

It does not want to be bolden to any of its neighbours for energy transshipment in event of another crisis. At present, for instance, oil tankers of 80,000 tonnes have to be Zeebrugge partly loaded, but usually called first at Rotterdam or the Porthof/Antwerp complex. In addition, the control of the Scheldt estuary entrances to Antwerp and sea canal to the port of Ghent will undoubtedly be from the new facilities at Zeebrugge, which in the long term had added to its traffic. Much of this has been taken from Antwerp, still the biggest of the Belgian ports suffering from its inland location on the Scheldt and a small amount has come from Ghent.

The rise of Zeebrugge as a major port has meant something of a renaissance in Belgium's ports. Excitingly, Flanders itself and the Walloon which feels left out of the Government's plans, are firmly behind the development of the country's one direct access to the high seas.

Mid-East staff turnover soars

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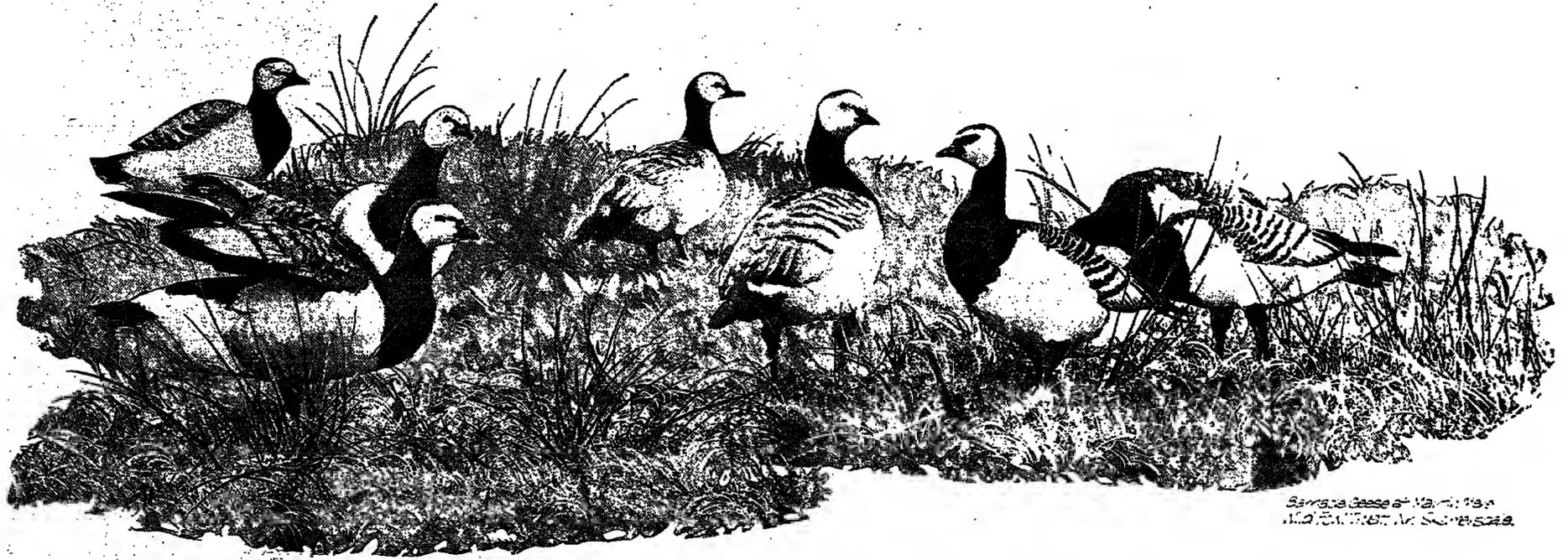
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December 8 1977  
lower rate  
growth  
U.K.  
sports  
Export credit  
agreement  
renewal likely



Samoa Geese at Marlborough  
Museum, Marlborough, Wiltshire

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contin

HOME NEWS

Orders for machine tool industry up 30% to £264m.

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT
RIGHTER PROSPECTS for the machine tool industry are reflected in statistics from the Department of Trade and Industry...

Home market
Price rises must have accounted for at least half the 30 per cent. advance over the year to the end of August, but the £264m. of orders-to-hand also represented a substantial rise in volume terms...

Post and phone charges pegged for 'near future'

BY JOHN LLOYD
There will be no increases in postal or telephone charges in the near future, Sir William Barlow, chairman of the Post Office, said yesterday...

Hitachi affair brings TV industry study

BY MAX WILKINSON AND STUART ALEXANDER

BRITISH TELEVISION manufacturers are to commission a major study on how the industry should be reorganised after the withdrawal of Hitachi's plant to set up a plant at Washington...

Imports threatening watch factory jobs

FINANCIAL TIMES REPORTER

SMITHS INDUSTRIES is holding talks with unions and with the Department of Industry over a substantial cut in the workforce at its clock and watch factories at Wishaw, Strathclyde...

Building up 2% in third quarter

By Our Building Correspondent

THE value of construction work carried out in Britain in the third quarter of this year rose by 2 per cent over the previous three months...

North Sea gas, oil collection system proposed

BY RAY DAFTER, ENERGY CORRESPONDENT

A SCHEME, costing well over £2bn. for collecting oil and gas from fields in the U.K. and Norwegian sectors of the North Sea is recommended in a confidential report circulated to the industry...

Scottish Office action may be investigated

BY OUR SCOTTISH CORRESPONDENT

THE OMBUDSMAN is to be asked to investigate the way the Scottish Office has dealt with objections to the plans by Shell and Esso to build petrochemical plants in Fife...

Total output

Total output for the construction industry this year is expected to have fallen by about 8 per cent from last year's levels, which were in turn 4 per cent lower than in 1975...

Complaint over Bank's foreign exchange

By James Bartholomew

THE EUROPEAN Commission has questioned the Bank of England over the alleged 'closed shop' in the London foreign exchange market...

Power chiefs urge need for two new reactors

BY DAVID FISLOCK, SCIENCE EDITOR

THE Central Electricity Generating Board has expanded its case for adopting two types of nuclear reactor—one British, one foreign—to meet what it sees as a "pressing need" for nuclear electricity in Britain...

U.K. car sales well on way to reaching 1.3m. forecast

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

CAR SALES in the U.K. this year look well on the way to reaching the 1.3m. total forecast by the industry, although this will be achieved only with the help of a substantial increase in imports...

Table with columns for U.K. CAR REGISTRATIONS, showing monthly and 11-month totals for various car models like Ford, Vauxhall, and Renault.

Is what the manufacturers say about their new telephone systems...

All talk?

To meet the global demand for public telephony, leading telecommunications companies - including Philips - are offering a range of sophisticated computer-controlled switching systems...

A formidable choice for national telephone administrations. But are these claims all talk? Can they be supported with experience in the field...

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PRX ringing the changes in telephony

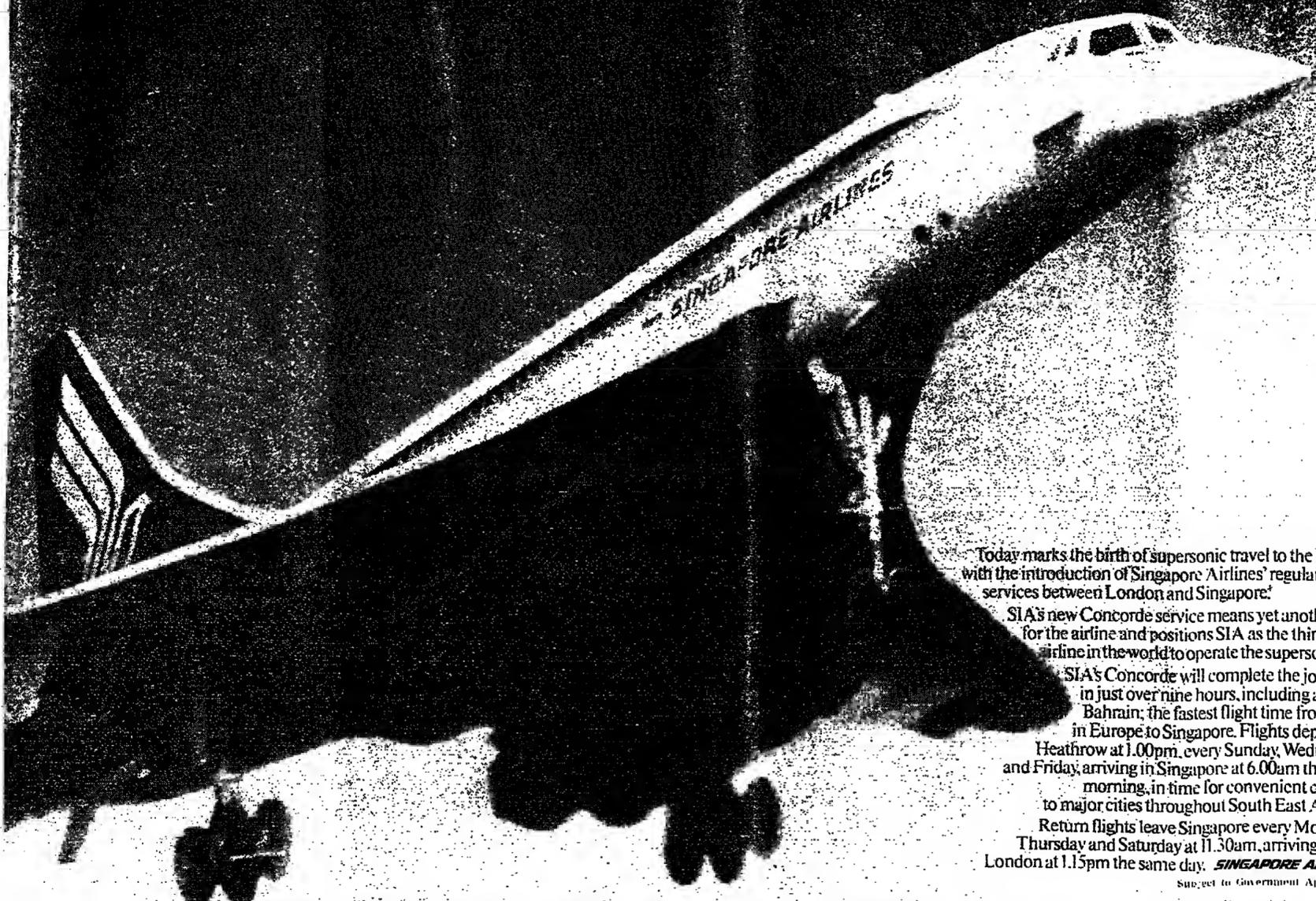
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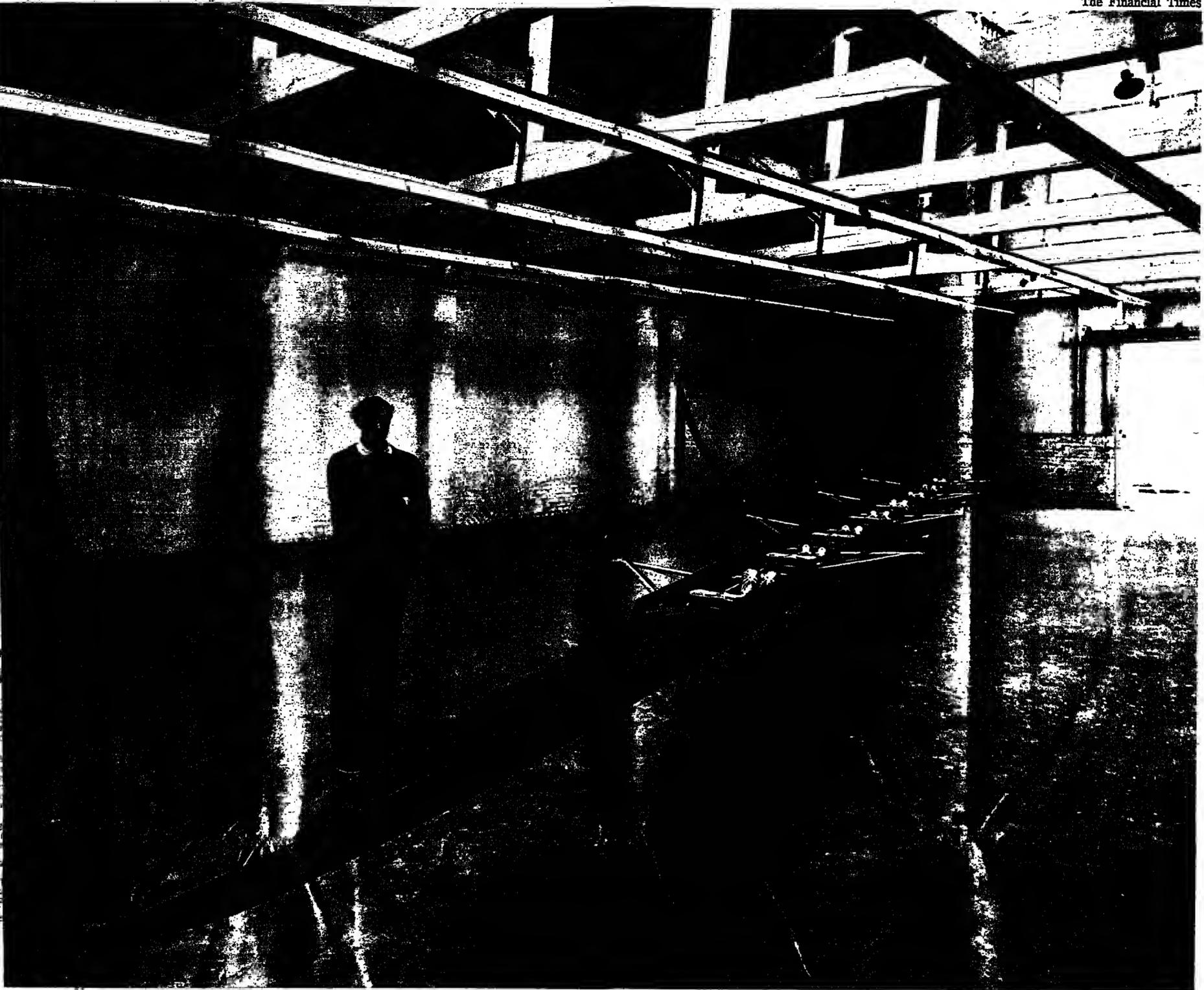
See your travel agent or call SIA, London, 143/147 Regent Street W1R 7LB, Reservations, Tel: 01-495 5411, Birmingham, The Round, 7th Floor, New Street, B2 4PA, Tel: 021-643 5171, Manchester, 69 Royal Exchange, M2 7PE, Tel: 061-654 835/45, Glasgow, 6th Floor, Stock Exchange House, 51 George's Place G2 3JY, Tel: 041-594 0656.

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# John Vigurs' boat is so good it's almost unsporing.

Britain won two gold medals in the World Rowing Championships at Amsterdam last August. Our success was due not only to the superb fitness and technique of our rowing teams but also to Mr. John Vigurs' new boats.

They are the lightest ever built. In the lightweight eight event the British team won by a margin of only 7/100ths of a second (about three centimetres over a 2000 metre course). Mr. Bob Janousek, past chief national coach, says, "If it wasn't for the fact that our boat was twenty kilograms lighter than the competition we may not have won."

John Vigurs built his boats out of synthetic materials—polyurethane paints and foams, resins, glass fibre and carbon fibre. The result is a craft far lighter and more rigid than the traditional teak boats.

Rowing will never be the same again. Synthetics have become invaluable in sport. In everything from skiing to pole-vaulting. Our new surfaces help Olympic athletes break world records and have made all weather sport possible.

For over a hundred years Bayer have been inventing new materials that are lighter, stronger, more versatile. Today they are used in practically every human activity.

In agriculture, architecture and industry. Opening up countless new possibilities to design engineers in every field.

Ask John Vigurs.



Bayer think of tomorrow—today. By spending over £200 million on research every year. By making over 6,000 products. Employing over 170,000 people world-wide and selling to almost every country in the world, contributing to their economic well-being.

If you'd like to know more about Bayer and the work we do, please write to the address below for our free booklet that we will be publishing in the new year.

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PARLIAMENT and POLITICS

Tories press Healey on pay flexibility

BY IVOR OWEN, PARLIAMENTARY STAFF

BRITAIN'S INFLATION rate is likely to fall to single figures by next Easter, but the prospects for keeping it below 10 per cent for the remainder of 1978 "critically depend on the level of settlements during the rest of the current pay round, Mr. Denis Healey, Chancellor of the Exchequer, told the Commons yesterday.

He admitted that the Government would have preferred more settlements below 10 per cent, and was notably more anxious than Mr. Roy Hattersley, Prices Secretary, who stated, on Monday, his belief that, once a single figure rate of inflation had been achieved, it would be sustained throughout 1978.

But the Chancellor refused to accept any suggestion from Conservative MPs claiming that recent speeches by Mrs. Margaret Thatcher had again illustrated the "incoherence" of the Opposition on pay policy.

Sir Geoffrey Howe, shadow Chancellor, said it was becoming increasingly necessary to restore flexibility in pay bargaining in the labour market.

He protested that the prospects of this being achieved had been damaged by the extent to which the average 10 per cent increase in earnings had been allowed to become a rigid 10 per cent guideline for settlements.

Mr. Healey replied that this was a mathematical point, and not a point of policy. He stressed: "We cannot guarantee to keep the inflation rate under 10 per cent throughout next year if the level of earnings increases nationwide above 10 per cent."

The Chancellor conceded that he would have liked to have seen a greater variety of settlements. But he told Sir Geoffrey: "It is no good asking for flexibility below 10 per cent unless you are prepared to identify those groups which should make settlements well below that level."

Chancellor defends interest rates

BY IVOR OWEN

QUESTIONED ABOUT interest rate policy in the Commons yesterday, Mr. Denis Healey, Chancellor of the Exchequer, stated that present levels were consistent with the maintenance of proper control over the money supply.

"I believe that the current level of interest rates is appropriate and is likely to remain appropriate for some time," he said.

After referring to the recent 2 per cent increase in the Minimum Lending Rate, Mr. Healey pointed out that short-term rates were still well under half of what they were a year ago and well below the level when the Heath Government fell office.

A further fall in interest rates could take place if wage settlements were in accord with the Government's pay guidelines.

Mr. Healey pointed to the 13 per cent increase in investment in manufacturing industry in the first nine months of this year compared with the same period of 1976 as evidence of the beneficial effect of the large fall overall in both short- and long-term rates over the last year.

He agreed with Mr. John Watkinson (Lab., West Gloucestershire) that some of the concern which had been expressed about monetary aggregates had been greatly exaggerated.

Mr. Healey later exchanged Mr. Joel Barnett, Chief Secretary to the Treasury, stressed that despite the improvement in the first nine months of this year, investment levels in manufacturing industry were still very low.

"We want to see them improving rapidly in the years ahead," he said.

Mr. Max Madden (Lab., Sowerby) referred to an unpublished survey which indicated that 90 top companies expected their labour requirements to fall by about a third as a result of investment.

Mr. Barnett admitted that problems could be involved because new manufacturing investment did not create additional jobs. "But on the other hand, you must recognise that without that new industrial investment, existing employment would be in difficulties."

Pardoe seeks £4.7bn. tax switch in spring Budget

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE LIBERALS are to demand cuts in income tax of more than a quarter in the spring Budget with consequent increases in VAT and company taxation.

Mr. John Pardoe, the party's economic spokesman, said yesterday that when he met Treasury Ministers after the Christmas recess he would propose a shift from direct to indirect taxes of £4.7bn. with a further tranche in 1979.

Speaking in Glasgow, Mr. Pardoe said he would be willing to see the pact with the Government ended if the Liberal demands were not substantially met.

He argued that the Chancellor's spring Budget should reduce the standard rate of income tax from 34p to 25p in the pound and contain a clear commitment for a further cut to 20p in 1979. Corresponding reductions at all salary levels should include a cut in the top rate of tax from 53p to 60p, with a further 10p cut promised for 1979.

No pay for these reductions, the standard rate of VAT should be increased to 12½ per cent, producing £1.5bn., and duty on tobacco and liquor should be increased to produce £500m. The end of stock relief for companies should be introduced, with a saving of £1.3bn. a year, but companies should be allowed to keep the amounts they hold in deferred taxation.

Employers' national insurance contributions should be increased by 2 per cent.

Mr. Pardoe said that the Liberals would exert the maximum and ultimate pressure to achieve these aims. "I one of the foremost proponents of carry-

PM bows MPs wary of proposals to public inquiry demand

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

NEW GOVERNMENT proposals which Mr. Merlyn Rees, Home Secretary, claims will provide "an honourable basis" for settlement of the firemen's strike, were given a mixed reception in the Commons yesterday.

Mr. Rees announced that the Government would not return to work until an immediate increase, above the 10 per cent ceiling, had been offered. But in his statement, Mr. Rees maintained that the proposed framework, underwritten by the Government, would provide a sound means of settling proper remuneration for many years to come.

But Mr. Rees assured him: "Whatever the situation in a year's time, we believe with the deal."

Mr. Eric Heffer (Lab., Walton) recognised that there had been some movement by the Home Secretary. "But what is required is an immediate increase beyond 10 per cent. The sympathy of the country is still with the firemen and will remain with the firemen."

Mr. William Whitelaw, Opposition deputy leader, told the Home Secretary that any such exceptional long-term treatment should be accompanied by a "no-haric" undertaking by the firemen. He wanted to know who was to define the relationship between the firemen and other workers, and who the other workers would be.

Mr. Rees added the "exceptional guarantee" that the increases would not be thwarted by unforeseen, adverse, economic circumstances.

Despite Mr. Rees's optimism, however, the proposals met with an uneasy response from many MPs on both sides of the House.

The Conservatives argued that if the firemen were given such a "cast-iron guarantee" that the armed forces and the police—should be prepared to forgo the right to strike. Others felt that the formula could lead to a great deal of trouble in the event of a "time bomb" (a C. Chigford) described it as a "time bomb."

On the Labour benches, many of the firemen's proposals were described as "a major concession and a unique guarantee," he said: "I understand they could come to an agreement on this very quickly."

The Government is not prepared to go beyond the 10 per cent offer in the present year, but has promised that increases based on the new formula, will be given in November 1978 and 1979. These increases would be worked out on a defined relationship if the firemen were a qualified fireman and that of other workers.

Mr. Rees added the "exceptional guarantee" that the increases would not be thwarted by unforeseen, adverse, economic circumstances.

Mr. Norman Atkinson (Lab., Tottenham), a member of the Left-wing Tribune Group, had misgivings about the situation that might arise in a year's time. He suggested that the Government already seemed to be creating a special exemption from a "Phase Four" wages policy which the Chancellor might be operating by then.

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Party leaders clash over Polish ships

MRS. MARGARET THATCHER, Then they could have "all the figures that are appropriate."

He added: "This is a matter of commercial negotiation and the Opposition were in a less irrepressible mood than surely they would recognise this."

There is no reason why we should give a competitive advantage to foreign yards who are desperately anxious to make these orders."

Mr. Nicholas Ridley (C. Chichester and Tewkesbury) accused the Prime Minister of a "cover over the deal."

Mr. Ridley said: "If the Prime Minister must buy the vote would he use the profits of Labour Party Properties Ltd. rather than the taxpayer?"

Mr. Callaghan replied that as far as he could see, the Opposition would prefer these orders to go to foreign shipyards, with our own men standing unemployed.

Mr. Michael Foot, Leader of the House, later announced that there would be a half-day debate on the Polish contract on Monday.

Mr. Foot said: "I am sure that the Opposition will be able to choose the topic for debate."

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Mason to reduce Ulster troops

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT is to withdraw a major operational army unit from Northern Ireland because of the improvement in the security situation there, Mr. Roy Mason, Northern Ireland Secretary, announced in the Commons last night.

This will involve the withdrawal of up to 700 men and will reduce the number of units in the Province from 14 to 13.

At the same time, a greater proportion of the troops remaining in Ulster will serve longer tours of duty in order to provide greater continuity and understanding of local circumstances.

Mr. Mason, who was speaking on a motion to extend the Northern Ireland emergency provisions for a further six months, gave one of the most optimistic appraisals on the security situation in the Province to be heard for a long time.

He said that since he last addressed the House on security matters in June, very considerable progress had been made. Despite the increase in bombings in recent months, the trend of violence over the past year had been unquestionably downwards.

"I believe myself that the situation will get better," he predicted. "I know that the terrorists retain the capability to kill and maim but the downward trend of their violence is clearly discernible."

"I am resolved that I shall use all means within the law to maintain that trend and share the growing belief of the people of Northern Ireland that there is now hope of an end to violence. For the terrorist, there can be no hope."

So far this year, the number of shooting attacks was more than 40 per cent lower than in the same period last year, while the number of bombing attacks had dropped by nearly 60 per cent.

Since August, the reduction in the number of shooting attacks had declined by 60 per cent while bombing attacks had dropped by 70 per cent. Last year, over 29,000 lbs of explosives had been used in bomb attacks. This year, the total was less than 5,000 lbs.

There had also been a considerable reduction in fatalities. So far this year, 67 civilians had died against 238 in the same period last year.

This year, 285 people had been charged with murder, against 188 in the whole of 1976, and 316 had been sentenced to 10 years for various offences, compared with 218 last year.

Mr. Mason claimed that the public in the Province were rejecting the "gangsters, intimidators and bully boys." Recruiting for the RUC had been a record and the strength of the full-time reserve had grown appreciably.

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Speedier road injury claims planned

THE MOTOR Insurers' Bureau These would help to speed up settlement of a significant number of applications.

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Notice is hereby given that a General Meeting and an Extraordinary and Ordinary Meeting of the shareholders of Jacques Borel International S.A. will be held at 11 a.m. on December 21, 1977 at Sofitel Paris, 8-12 Rue Louis Armand, Paris 15e.

The agenda for the Meeting will be as follows:

Decision for which the requirements of an Ordinary General Meeting must be fulfilled: Resignation and appointment of Directors.

Decisions for which the requirements of an Extraordinary General Meeting must be fulfilled: The granting of authorisation to the Board of Directors for the issue of convertible debentures for a maximum amount of 775 000 000.

The following resolution will be submitted to the General Meeting: FIRST RESOLUTION. The General Meeting notes the resignation from the Board of Directors of Mr. Bernard Westercamp and of the Company, G&I-INV-24.

SECOND RESOLUTION. The General Meeting confirms the provisional appointment of Mr. Bernard Treizenem who was appointed by the Board of Directors on June 29 to replace Mr. Bernard Westercamp.

FOURTH RESOLUTION. The Meeting grants full powers to the bearer of copies or extracts from these proceedings to perform all registrations and other formalities required by Law.

The requests for the entry of draft resolutions in the Agenda must be sent to the Registered Office by recorded delivery with a period of 10 days from the publication of this notice.

The owners of nominative shares will be admitted to the Meeting on simple justification of their identity on the condition of their having been registered on the register of transfers of the Company at least 5 days before the date of the meeting.

The owners of bearer shares must, at least 5 days before the date of the Meeting, deposit their shares or the certificate of deposit delivered by the Bank, Financial Institution or Stockbroker, where the shares are deposited either at the Registered Office of the Company or at one of the following:

Banque l'Union Européenne, 4, rue Gaillon, 75002 Paris; Banque de Paris et des Pays-Bas, 3, rue d'Antin 75002 Paris; Crédit du Nord, 6/8, boulevard Haussmann, 75009 Paris.

Banque Française pour le Commerce Extérieur, 21, boulevard Haussmann, 75009 Paris; Banque Générale du Phénix, 33, bis rue La Fayette, 75009 Paris.

Banque de l'Indochine et de Suez, 94, boulevard Haussmann, 75009 Paris; Banque Louis-Dreyfus, 6, rue Labaillat, 75008 Paris.

Banque Nationale de Paris, 16, boulevard des Capucines, 75002 Paris; Banque Neufville Schumberger, Mallet, 3, avenue Hoche, 75008 Paris.

Banque Régionale d'Escompte et de Dépôts, 5, avenue du Château, 94300, Vincennes; Banque Worms, 45, boulevard Haussmann, 75009 Paris.

Caisse de Dépôts et Consignations, 56, rue de Lille, 75007 Paris; Crédit Commercial de France, 103, avenue des Champs-Élysées, 75008 Paris.

Crédit Industriel et Commercial, 66, rue de la Victoire, 75009 Paris; Société Française de Banque, 114, boulevard Haussmann, 75009 Paris.

Société Générale, 50, boulevard Haussmann, 75008 Paris; Société Lyonnaise de Dépôts et de Crédit Industriel, 8, rue de la République, 69001 Lyon.

Société Séquanaise de Banque, 370, rue Saint-Honoré, 75001 Paris or at any of their branches or subsidiaries in France.

Watching—or just switched on?

BY PHILIP RAWSTORNE

LABOUR'S hard-hitting television programme on the National Front this week has again revived the long-standing controversy which surrounds party political broadcasts.

For an activity which occupies only two and a-half hours of national television time in a non-election year, the broadcasts have long stirred disproportionate argument.

It is one of the paradoxes of broadcasting that while few viewers will admit to liking the party political broadcasts, consistently come and large audiences.

Nearly 5.5m. viewers on average watch—or at least stay switched on—to the broadcasts. That is comparable to the audience for Mastermind or It Ain't Hot Mum.

There is not statutory duty on the BBC to screen the political propaganda items at all. But for some 30 years, it has agreed to the broadcasts in the belief that "in a Parliamentary democracy, the political parties represented in Parliament should have opportunities to address the electorate in their own way and in their own words."

The number of party political broadcasts is decided by a committee of representatives of the political parties. The allocation is based on the share of the total U.K. vote obtained by each party at the previous general election. But only those parties represented in Parliament qualify for a share-out of the time.

In 1976, Labour and Conservatives each had six national broadcasts of ten minutes. The Liberals had three of similar length. The claims of the Scottish and Welsh Nationalists

were met by giving the SNP three broadcasts in Scotland and Plaid Cymru, one in Wales only. At a general election there is an agreement to allow any party which nominates 100,000 voters candidates television time. Similar rules govern the allocation of time on radio. The form of the broadcasts is the responsibility solely of the political parties themselves.

The Labour Party's high-powered campaign committee decides the subject of its party politicals and the production is handled by Transport House officials with expert assistance. Much the same course is followed by the Tory and Liberal parties.

Ironically, as the technical expertise of the production has improved, so have the criticisms. The BBC retains the right to ensure that there are no breaches of the law and this right is exercised to cut some sections of the Labour Party's broadcast on the National Front.

But the use of filmed interviews, animated illustrations, and simplified statistics, visually presented, have increasingly, according to some critics, offended journalistic ethics as well as advertising standards.

Mr. Joe Ashton, Labour MP for Bassetlaw, admitted that he had filmed interviews for this week's party political without making clear his purpose.

Various sensitivities have been trampled on by the use of craticure figures of "Yesterday's Men" or the aristocratic Algerian "born with a silver spoon in his mouth."

A Conservative production in which, by some stretch of the imagination, a graph suddenly

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# FINANCIAL TIMES SURVEY

Friday, December 9 1977

# The Gas Industry

While natural gas is now regarded as an important primary fuel and should play an increasing energy role much of the future of the industry depends on how long reserves will last and where they are located.

premium fuel demand in the 21st-century. The opportunities present many problems for gas producers: recent events have shown there are no simple solutions. Much depends on how long natural gas reserves will last. Recent estimates have suggested that ultimate recoverable reserves might be about the same, or somewhat less, than those of oil. In other words enough to last industrialised nations until some point in the first half of the next century.

The World Energy Conference in Istanbul in August heard that if natural gas was produced at the current rate, then reserves should be sufficient to meet demand for at least another 50 years. The International Workshop on Alternative Energy Strategies published an important report this summer showing that proven gas reserves stood at 2,232 trillion (million x million) cubic feet, the equivalent of 386bn. barrels of oil. Ultimately recoverable reserves — those that are proved or yet to be discovered — may be three or four times as large.

The Workshop makes the point that these estimates are less important than the location of the reserves. Here we find that almost a third of the world's potential gas resources are controlled by Communist

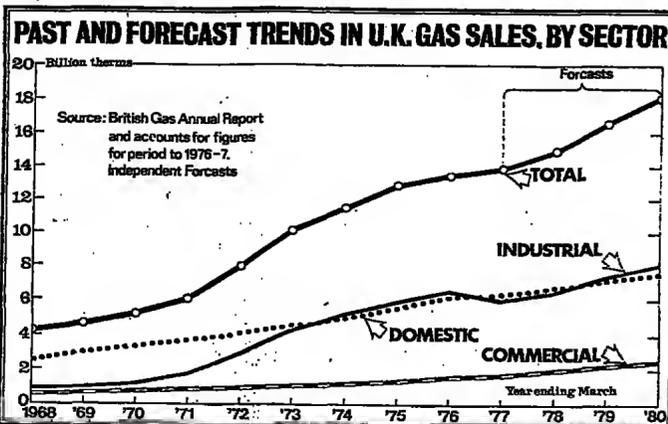
countries: North America and the Middle East each has about one-fifth of the total. Even allowing for the constraints of moving gas over long distances to the main energy-consuming countries (either expensive pipelines or liquefaction processes have to be used) there is enough gas about to allow for a "substantial" increase in natural gas production over the next few decades, the Workshop concludes.

This is just as well for a report published earlier this week by international economic consultants, Economic Models, shows that gas will be playing an increasing energy role in many of the OECD countries, particularly Japanese and European members.

### Estimated

In Japan, for instance, the demand for gas is expected to rise from the estimated 1977 level of 34m. tonnes of oil equivalent to 108.7m. tonnes of oil equivalent in 1986, according to Economic Models. In Germany gas consumption could rise by around 21 per cent between 1976 and 1980 and by a further 26.7 per cent between 1980 and 1985.

Much of this increasing world consumption will be met thanks to the growing labyrinth of gas trunk-lines — from the Middle



waste. In the North Sea the Department of Energy is being particularly strict on this point, to the extent of shutting down a production platform until gas-handling equipment is installed. Over the next few years the North Sea industry could implement a whole range of schemes aimed at ensuring that associated gas and gas/condensate resources are not wasted. Ideas now being investigated include the offshore liquefaction of gas and the conversion of gas into electricity for transmission to shore. Gas is already being used for power on offshore platforms; it is also being injected into some oil reservoirs to maintain producing pressure. But in the long run most of the gas will probably be exploited and transported ashore by means of pipelines.

The British Gas Corporation is now virtually meeting the demands of all its customers with natural gas, piped ashore from the North Sea. In recent months it has celebrated two notable events in the U.K. gas industry's long history: firstly, the gas conversion programme was completed; secondly, the Corporation began receiving contract quantities of natural gas from the northerly Frigg Field.

The £800m. conversion programme, made necessary by the switch from town gas to natural gas, took ten years to complete. It was one of the biggest operations of its type in the world: 130,000 consumers have had 35 appliances altered or replaced. Conversion teams have dealt with 8,000 different models of domestic appliances and 6,000 different commercial appliances. The start of the Frigg supplies a few weeks ago was important because it enabled the Gas Corporation to engage in a positive marketing campaign again. Frigg provides the first major boost to gas supplies since the start-up of production from the southerly Viking Field (in 1972) and the Rough Field (in 1975-76).

With all the ballyhoo about the North Sea oil bonanza it is often forgotten that throughout the 1970s offshore gas production has been making an important contribution to Britain's external payments; a benefit worth around £2.3bn. this year and likely to be worth nearer £3bn. in 1978. There has been another, more subtle savings arising from the natural gas programme, as Sir Denis Rooke, chairman of the British Gas Corporation, pointed out last week. The total heat

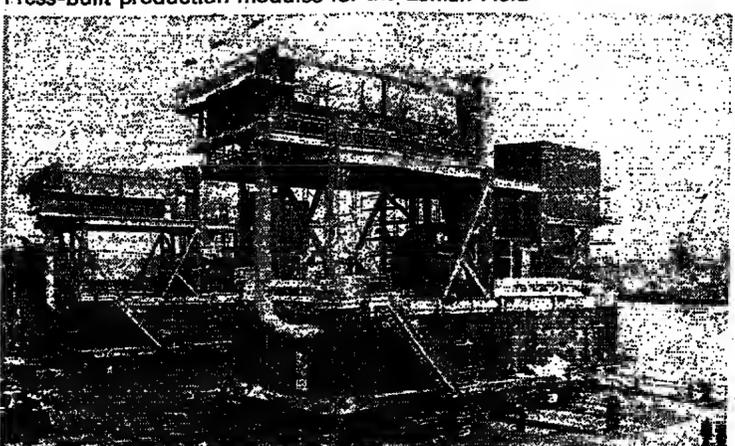
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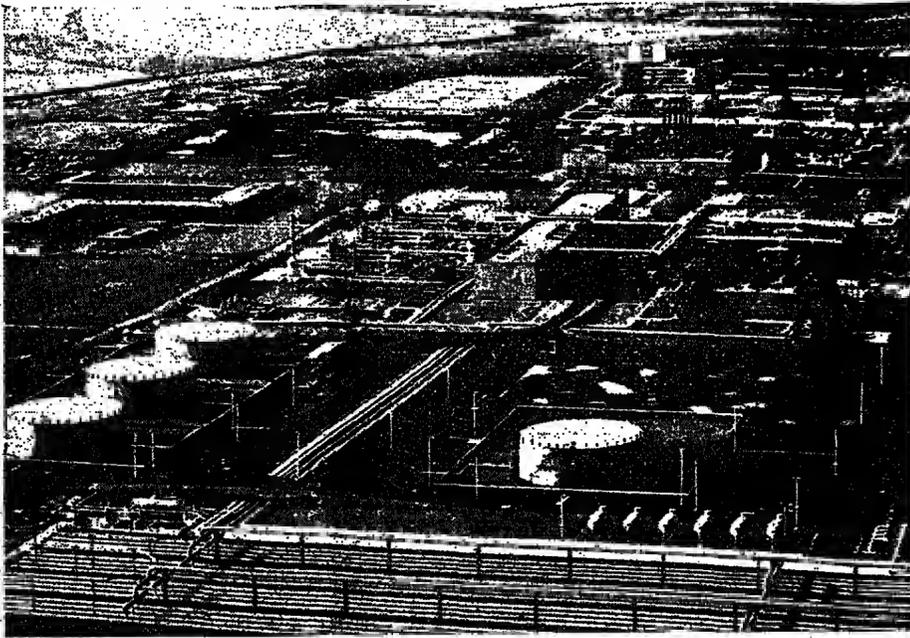
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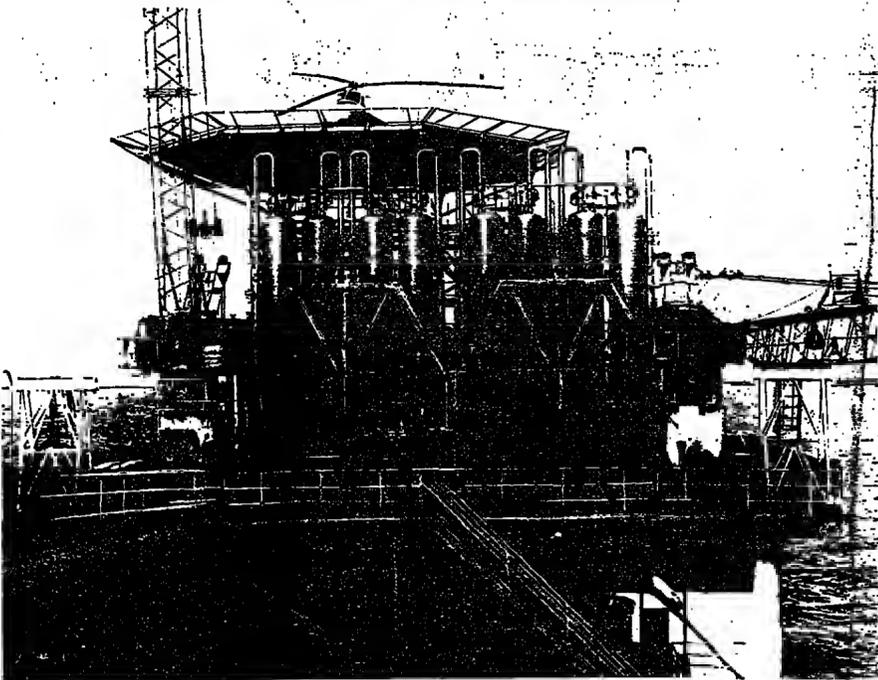


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# THE GAS INDUSTRY II

## Plans to husband supplies

THE HINT last week that British Gas Corporation may well pay oil companies to conserve gas reserves is perhaps evidence of the happy state of North Sea resources. It also shows that the gas industry is prepared to implement its own depletion policy.

The arrival of the first contract quantities of gas from the big Frigg Field and the promise of more new supplies from the Brent Field within the next two years or so present both opportunities and problems.

As a result of the development of these two fields the Corporation should see its supply of natural gas rise from the current rate of 4bn. cubic feet a day to around 6bn. cfd early in the 1980s. Initial sales of the Frigg gas are said to be progressing as planned. However, unless there is a recovery in the economy generally there must be some doubt about the ability of British Gas to place all of the 6bn. cfd, particularly if they stick to the principle of confining sales to the premium market wherever possible.

Hence it is possible that the oil companies may be asked to reduce the supplies of gas from some of the more established fields in the southern sector of the North Sea. Provision for this already exists under the "take or pay" clause of supply contracts. The Corporation will continue to pay for the gas irrespective of whether it is supplied or conserved.

From the Corporation's viewpoint this method of energy conservation must be an attractive one, although after a two-year postponement in production it will face the prospect of "rebuying" the conserved gas. The price it pays as a monopoly buyer for gas from the southern sector is appreciably less than the cost of gas from the more northerly (and thus more expensive-to-develop) reservoirs. The Corporation steadfastly refuses to disclose the prices it pays, but unofficial reports put the cost of Southern Basin gas at around 2p to 3p a therm.

### Insurance

By paying for the gas now and taking it at some future date, the Corporation could be giving itself some insurance cover against inflation. There is, I understand, no provision for British Gas to pay a second time when it decides to accept the postponed supplies. Whether the oil industry is happy with this arrangement is a moot point.

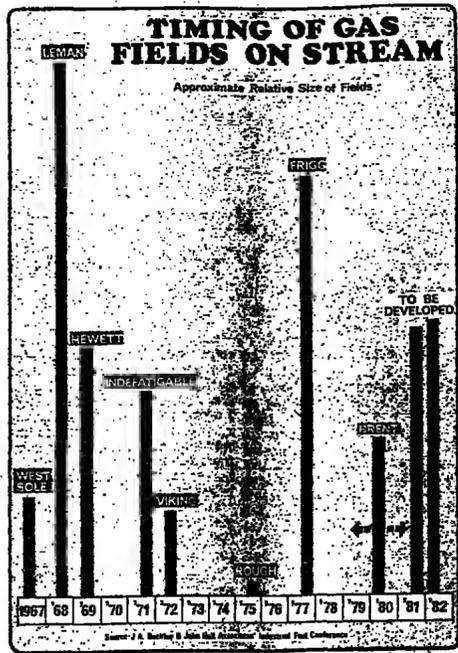
The U.K. Offshore Operators Association, in a report discussed at last week's Energy Commission meeting, complained that prices paid or offered to the producers of most of the gas reserves in the North Sea were only a fraction of those needed to justify continued exploration and the installation of new capacity. As a result of this so-called underpricing, the exploration for gas had been discouraged. British Gas might argue, however, that oil companies should be satisfied that they will have uninterrupted cash-flow irrespective of the depletion policies.

Be that as it may, it seems certain that the offshore industry will be able to negotiate more favourable rates as they are forced into deeper waters and British Gas finds itself needing to maintain supplies in the late 1980s and 1990s. To some extent this pricing movement has already been reflected in the Frigg and Brent contracts.

There is another way the Gas Corporation can influence the depletion rate of offshore reserves — by taking greater control of the gas prospecting. There is a notable example of this in the Irish Sea where the Corporation is almost the lone prospector. It has found one major reservoir named the Morecambe Field, off Blackpool. It is officially described as potentially significant with evaluation work still proceeding. Unofficially, however, it is said to be on a par with some of the larger fields in the southern sector of the North Sea: reserves of at least 2,500bn. to 3,500bn. cubic feet have been mentioned.

As British Gas is the sole operator in Morecambe it can defer development until the gas is needed onshore. It may, for instance, decide at first to exploit the field slowly, to provide a more balanced flow through the inland distribution system and to cope with periods of peak demand.

Later, the partly depleted reservoir might be used as a storage facility at times when North Sea production exceeds demand. Much depends on how the Government and the oil industry tackle the problem of



associated gas in oil fields of the North Sea. The U.K. Continental shelf. This involves controversial plans for building an ambitious pipeline network in the North Sea.

The Government and a group of private and State-owned companies are studying ways of harnessing gas reserves which might be flared and wasted within some form of collection system. Ideas now being examined include the offshore liquefaction of associated gas, perhaps through facilities capable of being moved from one field to another, and the conversion of gas into electricity for transmission to shore.

Both of these schemes might be implemented in isolated cases but the mainstay of gas collection is likely to be a gathering network of pipelines. Last year consultants Williams-Merz recommended to the Government a £2bn. system capable of gathering 1.5bn. cubic feet a day of gas, and 5m. to 9m. tonnes a year of heavy gases (an ideal feedstock for the chemical industry). Williams-Merz pointed out that these quantities would be in addition to the 2bn. cfd of gas expected to be collected from the Brent and Frigg fields.

Since then there has been a suggestion, discussed by the Gas Gathering Pipelines (North Sea) study company that an even more ambitious collection system costing around £5bn. should be built. Such a network would not only handle gas from the U.K. sector but also carry the hydrocarbons from fields in the Norwegian portion

of the North Sea. The Norwegian authorities are considering their own gas collection network, although it is questionable whether the reserves justify a new pipeline running from the Statfjord field in the Continent. Dr. Dickson Mabon, Minister of State for Energy, commented recently that as a comprehensive collecting system would cost billions of pounds, it was sensible to see if the Norwegian would share the burden. "Our Norwegian friends have similar problems and it seemed to us sensible that we should discuss with them the possibility of constructing a joint system to collect gas from both sectors," he said.

GTP (North Sea) is due to submit its preliminary report to Government within the next couple of weeks and it seems almost certain that the Energy Department will be urged to sanction at least the first stage of a gathering system. This would involve an investment of around £250m. and entail the construction of spur lines linked to the Frigg and Brent gas lines. In this way gas contained in such fields as Thistle, Ninian, Marchion, Piper and Tartan would be tapped.

There is much more argument about the implementation of further stages; the construction of a completely new trunkline running from the shore to a point north of the Forties field and then branching north in the direction of the Thelma and Brae fields and south to Lomond.

There is concern in the U.K. that this might happen if an ambitious gas-gathering pipeline network is built in the North Sea (a scheme possibly costing over £5bn. is now being discussed). Oil companies are already complaining that gas surplus to premium market requirements, is being sold to industry at a cost which is pulling down oil product prices.

**Critics**  
This touches on the thorny problem of gas prices, one which is troubling both the U.S. and U.K. Governments in particular. As a premium fuel which, before too long, will have to be replaced by SNG, natural gas deserves a premium price. Fuel industry critics of the gas sector — they come mainly from the coal and electricity sectors — complain that gas is being sold too cheaply. They have urged the imposition of a "gas tax" so far unsuccessful.

The Working Document on Energy Policy, produced recently by the Department of Energy, spells out the dilemma. The Government has a duty to Mr. Anthony Wedgwood Benn

British Gas is among those sceptical about whether such an ambitious and costly proposal is justified, although this appears to be a good deal of political sympathy with the idea. Its prospects would certainly be enhanced if Norwegian gas could be collected as well. However, this presents a further problem. Norwegian gas producers would probably not wish to sell to the Gas Corporation — certainly at price levels now pertaining — but would prefer to sell to the more energy-hungry Continental market.

### Solution

There is a solution to this problem, however. The idea now being floated is that the Norwegian share of the gas should be carried down a new land trunkline from Scotland to the south coast of England where it would be piped to France or Belgium via a new cross-Channel link.

It might be possible to export North Sea natural gas liquids to the Continent in the same way. The construction of cross-Channel pipelines, not favoured in the past by British Gas, could be useful in future years. For the North Sea reserves begin to expire Britain may be able to import gas and gas liquids from the Continent which in turn would be fed increasingly by Russian and Middle East producers.

This possibility is recognised in the Working Document on Energy Policy published by the Department of Energy for discussion also by the Energy Commission. But the question remains: will large quantities of gas be available on the international market when North Sea supplies begin to run out? The Department of Energy officials believe that on the basis of 25,000bn. cubic feet of gas remaining offshore the U.K. gas supply should be receiving sufficient to meet domestic demand until at least the mid 1980s. 80,000bn. cubic feet is taken as the level of remaining reserves and this is quite possible — but self-sufficiency in gas does remain until the beginning of the next century.

The task now facing Government, the gas industry and the oil companies is the formulation of a fair depletion policy that rewards the producers but ensures that the gas is directed towards the premium market. The Working Document maintains that this might now consume around 3bn. cfd by the early 1980s the figure might be nearer 4bn. cfd. At time goes by there will be further growth to about 5bn. cfd. But even this higher figure is below the level at which supplies will be coming ashore in 1982.

It would be in the interest of no one, save perhaps the private gas producers, for a rapid depletion of reserves at around the cfd (and this would be possible). For the value of natural gas would be debased in the non-premium sector, and the Continental shelf would be depleted of valuable reserves more quickly than necessary.

Ray Datta

## Sums

CONTINUED FROM PREVIOUS PAGE

supplied for domestic purposes in Britain has remained fairly constant for the past decade in spite of an increase of nearly 3m. homes and an "unparalleled" rise in heating standards. The reason is that the gas industry has increased its share of the domestic market from 10 per cent. to 40 per cent. and is doing so at lower overall energy efficiency. "As compared with 1960, virtually the same gross amount of heat supplied is now producing one-third more useful heat," said Sir Denis.

The statistics underline the fact that gas is a premium fuel. Not only is it easily controllable but it also carries to the user virtually all of its potential heat. At present almost 75 per cent. of new central heating installations are gas-fired. Economic models forecast that by 1986 natural gas will be meeting about 55 per cent. of the domestic sector's energy requirements.

British Gas is rightly aiming its marketing effort at the premium fuel sector: the domestic and commercial sectors along with certain specialist industrial applications. However, there are a number of reasons why the gas industry — in the U.K. and elsewhere — is forced to shoot wide of this target. Firstly it needs to balance its supplies to ensure that at times of peak demand, the premium customers do not go short. So a buffer amount of gas is sold to non-premium customers who are willing to buy

on an interruptible basis on the understanding that supplies may be suspended in an emergency or on cold, winter days. Secondly, the gas industry's own supply contracts fixed with producing oil companies, may force it to sell larger quantities than the premium market justifies.

There is concern in the U.K. that this might happen if an ambitious gas-gathering pipeline network is built in the North Sea (a scheme possibly costing over £5bn. is now being discussed). Oil companies are already complaining that gas surplus to premium market requirements, is being sold to industry at a cost which is pulling down oil product prices.

Maybe the problem will be itself. For now that the poration has moved into more hostile northern waters the North Sea for its fresh supplies, it is being forced to higher prices itself. Higher prices are now being linked to the rising cost of oil. As gas gathering system will involve considerable capital expenditure.

It is wrong to expect prices to be raised merely to cause a competing fuel industry to be losing a market battle. On the other hand it is right to expect the gas industry to confine its sales to the premium market, to ensure economic rates and to prepare for the day when SNG will have to be manufactured from coal or the gas costs that will involve.

*Spill in pits*

THE GAS INDUSTRY III

Preparing for the future

THE GASWORKS, where coal was transformed by chemistry into a gaseous fuel, almost disappeared from British cities in the 1960s. But the odds are that "gasworks" will reappear...

When this will happen is a matter of some dispute. But this does not affect the basic argument that if Britain is to be sure that it can keep the gas mains topped up with substitute natural gas (SNG) made in order to keep the natural gas pressures up...

with the U.S. Energy Department to build a plant making about 60m. cubic feet of SNG daily—enough to supply a community of about 100,000—from a feed of about 3,800 tonnes of coal.

dissolved out of the coal substance in this way, and condensed cleanly to yield a hydrocarbon fraction much richer in hydrogen and almost free from minerals.

Transport prospects

SINCE TRADING in liquefied natural gas started some 14 years ago the growth in the number of ship carriers has been rapid. At present it has some 180-185, and 6.8m-10.9m. cubic metres in rapid.

Rivals The slugging gasifier, first proposed by U.K. gas industry scientists back in the 1930s, is seen in some circles as rather old-fashioned coal conversion technology.

The NCB's main objectives have been to improve the ratio of hydrogen to carbon in the raw material—at 0.8:1, coal is at a severe disadvantage to oil, 1.8:1—and to make it more convenient to handle.

Turbine The residue, although depleted in hydrogen, still has a high calorific value and is easily handled. Fed into a gasifier of some kind, such as a fluidised-bed combustion system...

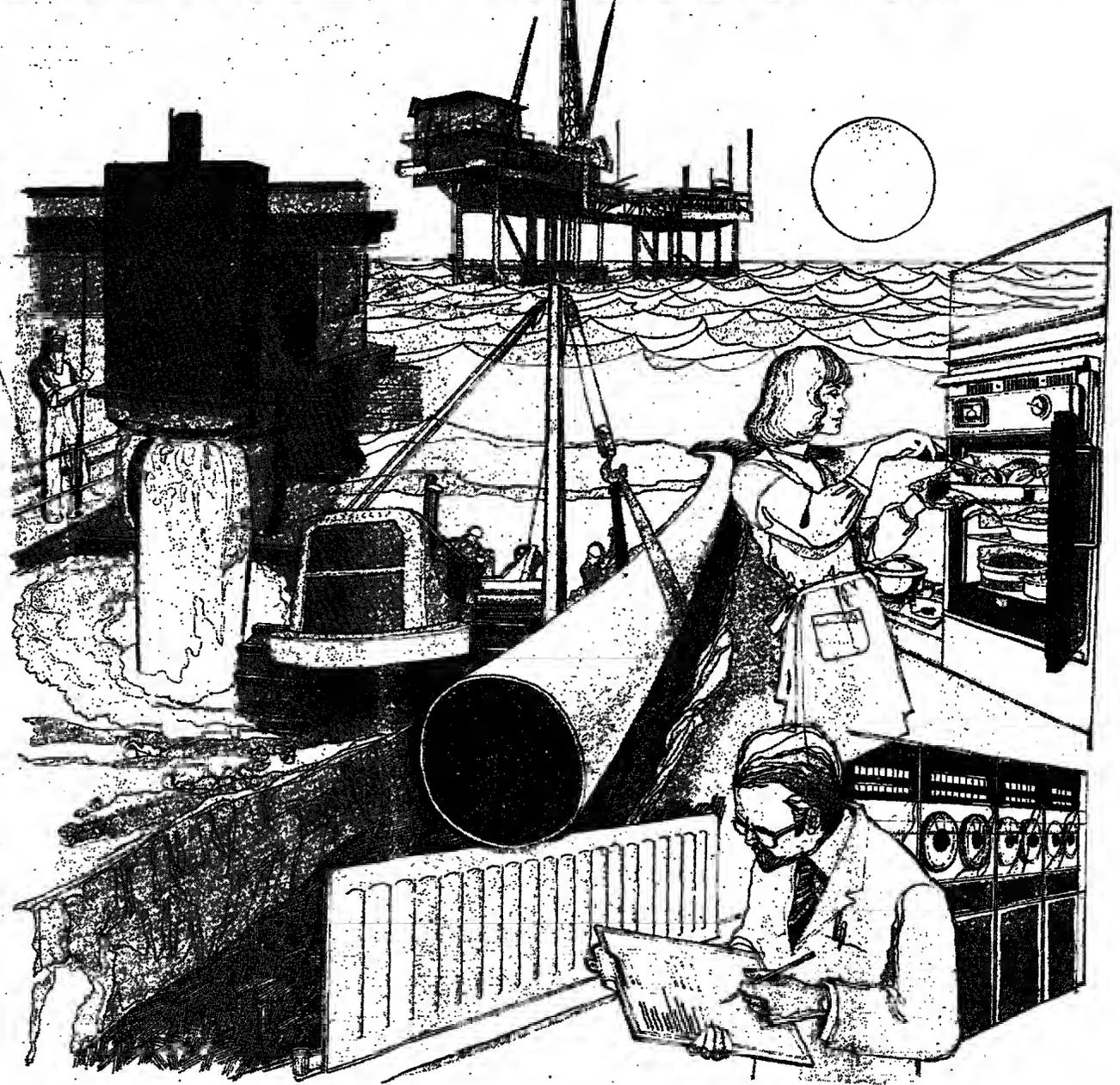
It was confidently predicted in the early 1970s that there was likely to be an LNG carrier shortage by the second half of the decade. This expectation led to the placing of a number of orders without firm charters having been secured.

This technology is at the heart of a full-scale demonstration planned by Conoco Coal Development Co. in eastern Ohio, which it expects the U.S. Department of Energy to help fund.

Britain, too, has its more advanced coal conversion technologies, now in pilot-plant stage at the Stoke Orchard and

Meanwhile, British Gas is exploring the fluidised-bed type of gasifier for the simpler task of gasifying the heavier types of oil. If it succeeds, this will be a major extension of its

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Their report shows that, as of July 1, there were 27 carriers employed in the eight LNG projects in operation worldwide, equivalent to just over 2m. cubic metres capacity.

Independent

The lesson appears to have been learned and the role of the independent owners is contracting. Whereas in 1974 about 20 per cent of the capacity out of a total order book of 5.3m. cubic metres was on order without a specific trade already having been secured, the figure has fallen to about 12 per cent.

Producer Governments have placed nearly a quarter of the current order book, a factor contributing significantly to the narrowing of the market for independent owners building on speculation. Of the current 5.4m. cubic metre capacity on order, producer Governments have ordered 1.3m. cubic metres.

None of the Algerian orders have yet been dedicated to individual projects, though CNAN's objective is to provide up to 50 per cent of all carrier capacity required in projects originating from Algeria.

David Freud



BRITISH GAS

THE GAS INDUSTRY IV

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Marketing policy guidelines

BY 1985 the British Gas Corporation expects to have built up sales from the current level of 14bn. therms a year to between 18bn. and 20bn. This increase will take place against a background flow of "save it" propaganda, encouraging both industrial and domestic users to be more frugal in their consumption of all types of energy.

So the corporation will have to be aggressive in its marketing. The market place has also changed. For some years since the oil crisis, the main competitors for gas have gone up quite steeply in price. The indications are that this will now change because the failure of the world's economies to pick up and the relative sluggishness of industrial activity has left big surpluses of both oil and gas.

Yet the corporation is also duty bound to get the best possible return for the U.K. on its natural gas resources. There can be no question, for example, of frittering away the U.K.'s gas reserves by using gas to fire power stations which tend to be only 30 per cent. efficient. This has happened in the U.S. and in France, leaving those countries short of natural gas as a result.

Therefore, the primary feature of the corporation's marketing plan will be to sell gas for premium applications where the full value of its characteristics—cleanliness, controllability, reliability of supply and so on—can be realised.

Undoubtedly the best use for natural gas is in the domestic market which represents somewhere between 40 and 45 per cent. of gas sales as measured in therms, taking 6.2bn. last year.

Expansion here is largely determined by demand for central heating systems. In turn this is dictated by the level of new housing starts and the cash local authorities have available for modernisation schemes.

Between 500,000 and 550,000 new gas central heating systems have been installed each year for the past few years with around one-third of them being supplied by the Corporation itself. The central heating market has remained buoyant in spite of the severe recession in the building industry and the Corporation expects 550,000 systems to be installed in 1977. By the mid-1980s the market

will be saturated. The Corporation expects to have 80 per cent. of the domestic central heating market in those areas with gas supply (75 per cent. overall). The marketing policy here is to concentrate on filling in the gaps in areas with existing gas supply. Capturing those dwellings which do not have gas because of some decision years ago, or those with a supply connected but not used. There is no intention of making un-economic sales in rural areas where there is no existing transmission system.

The domestic market accounts for about 13.25bn. of the Corporation's 14bn. individual customers. The commercial sector provides around 700,000 and the rest are industrial customers.

Inroads

Gas has a low share of the commercial market where heating oil comes into its own. In general, the public sector part of the commercial market, the schools, universities, hospitals and so on rely on big, oil-fired boilers for their heating. But in the smaller commercial premises the Corporation hopes to make some inroads and cut the domination beating oil has maintained.

Sales of gas in industrial users have shown the sharpest growth over the past decade. But, again, the Corporation insists it has concentrated only on the premium market where the efficiency and other characteristics of gas can best be used—such as in process work or heat treatment applications.

The Corporation also expects to make some impact in the petrochemical industry by providing gas for use as a feedstock. But success here is dictated by the availability of feedstock from the oil companies and world prices rather than U.K. prices alone.

Industrial contracts tend to be "one-off", individually negotiated between the Corporation and each customer. Any contract for the supply of over 100,000 therms a year is negotiated separately, under that amount the customer pays the fixed-tariff rate.

The Corporation cannot base its charges for gas on industry supply. Apart from anything else, it would be difficult to

isolate the actual cost, given that the transmission network has been established for so long.

And if the Corporation did not operate a market-oriented policy the U.K. would not get the full value of its natural gas resources.

The problem for the gas salesmen in the industrial sector is that the competition, processed oil, comes in various styles which are all differently priced. Gas must match the various prices if it is to achieve any expansion in industrial usage but salesmen must remember at the same time that the Corporation has no intention of "trading down" to non-premium parts of the market.

However, this has not prevented some of the oil companies complaining that the Corporation has been very aggressive in its sales policies and has been impinging on parts of the industrial market which in the national interest should be left to oil.

These clashes have occurred over what the Corporation calls "interruptible gas supplies." The Corporation uses "interruptible" contracts as a method of balancing supply and demand. And for the industrial customer they offer a chance of dual sourcing, in getting the best bargain in fuel prices. However, in this area gas is normally battling with heavy fuel oil.

The pressures on the Corporation to increase sales of interruptible supplies should diminish as it finds other means of balancing supply and demand requirements and optimising the operation of the transmission system. In particular, arrangements could be made to store North Sea gas in depleted wells or in salt caverns.

And Sir Denis Rooke, the Corporation's chairman, said recently the BGC might pay oil companies to leave gas reserves under the North Sea as part of the self-imposed depletion policy.

The problem will also be relieved to some extent by the fact that any funds in the Irish Sea belong to the Corporation itself and there will be no contracts, as at present, with oil companies guaranteeing those companies a certain outtake by BGC.

One of the recent major contracts signed by the Corporation was for the supply of more than 100m. therms a year to the British Steel Corporation's direct reduction plant at Hunterston which is in the final phases of completion. (There have been some doubts voiced, however, whether this plant, to make pellets from iron ore, to feed steel-making furnaces, will be brought on stream immediately it is finished. The pellets

are not competitive in price with ferrous scrap because the recession has pushed the cost of scrap down to very low levels).

The Gas Corporation claims to have negotiated reasonable terms with the BSC for Hunterston because the direct reduction system to be employed there must be gas-fired.

The Gas Corporation's most important industrial customer is Imperial Chemical Industries and the contract between these two organisations was renegotiated at the end of October this year.

In the event, ICI and the Corporation—after hundreds of hours of negotiations—reached an agreement which, they said, "will lead to a substantial increase in the price in recognition of the impact of inflation on British Gas costs."

It has not been possible for some years to get a long-term, fixed price contract from the Corporation. New industrial customers are offered a three-year contract which includes a formula allowing for some price increases to take account of rising costs. The contract would also include an option for renewal at a fixed price for 12 months at the end of its first three years of life.

Bargain

The 15-year contract had been signed in 1969 and involved the supply of 900m. therms of gas a year and was valued at £250m. When it was arranged, ICI had some doubts about the wisdom of the move, but the oil crisis and the five-fold increase in oil prices transformed it into an extraordinary bargain.

But the contract proved to be almost a fixed price agreement and its provisions for some escalation in later years brought only a marginal increase for the Corporation.

Pressures for a change in the contract came from outside ICI and the Corporation. The contract gave ICI access to cheap supplies of ammonia, used for

Kenneth Gooding  
Industrial Correspondent

Conversion a triumph of organisation

BY THE TIME British Gas Corporation's massive programme to convert the country's gas appliances from town gas to natural gas was completed earlier this year, Sir Denis Rooke, the chairman, was prepared to describe it as "perhaps the biggest peace-time operation in this nation's history."

Such a stirring description perhaps fails to do justice, however, to some of the horror stories that emerged, especially during the early days of the conversion campaign, or to some of the scattered tales of human misfortune occasioned by the arrival of a gas conversion squad in a particular locality. For many months the conversion campaign, which got under way in 1968, was one of the more alluring targets for public cynicism and attack.

As Sir Denis Rooke himself admits: "Inevitably, in an exercise of this magnitude, a small number of tragic and regrettable accidents occurred, and these, led to all sorts of quite unfounded fears about the safety of natural gas." Indeed, the public doubts built up into a crescendo of concern. There was a series of minor explosions. From across the country came an apparent wave of complaints about the standard of workmanship, about the wrong parts being delivered for particular appliances, and about salesmen seemingly coercing customers into buying new equipment on the pretext that the old equipment could not be converted.

domestic appliance models to convert. In the words of the British Gas chairman: "The logistics of conversion—the detailed intelligence gathering of survey, the sectorisation, the precise planning, the army of converters—certainly had all the hallmarks of a military operation."

The final cost of the operation was around £600m., which, if inflation is taken into account, is below the first estimate for the scheme made in 1966 of £400m. Over and above this total, however, it is necessary to include the value of gas-making plant which became prematurely obsolete because of the advent of natural gas. This calculation brings the combined cost of the operation to more like £1bn.

Task

According to Sir Denis Rooke: "The whole of that sum will have been written off against revenue by the end of the current financial year." The entire job will have been paid for out of the income received from customers without central subsidy. Other countries have not always been so successful and conversion elsewhere has often entailed major financial re-structuring and, in some cases, bankruptcy.

Given the size of the task, the programme of gas conversion in Britain has been completed with comparative speed. Holland required 44 years to convert its 2m. users—about the same number as those converted in the North Thames Gas area alone. Japan is expected to take 12 years over its 5m. customers, and in Hungary the work in Budapest alone is to be spread over 15 years.

The decision to carry out such a massive programme of conversion in Britain was taken in 1966, and it finally got under way in 1968-69. In that year some 400,000 conversions were completed. At its peak in the early 1970s the programme built up to a rate of about 2m. conversions a year involving all 12 gas regions at the same time.

When the first decision to go ahead was made, the choice was not altogether clear-cut. The industry was still in the process of another major technological revolution, the change from coal to oil as the basic material for town gas production. A lot of investment had gone into the building of reforming plants, some of which were only a few years old, while others had only recently been commissioned and some were still under construction or at the planning stage. The short-term solution that presented itself was to adapt these plants to use natural gas as a feedstock, and indeed some were converted in this way as an interim measure.

But a number of other important considerations suggested that the proper course to adopt was the direct use of natural gas, even though this meant the conversion of every gas appliance in the country to burn the new fuel.

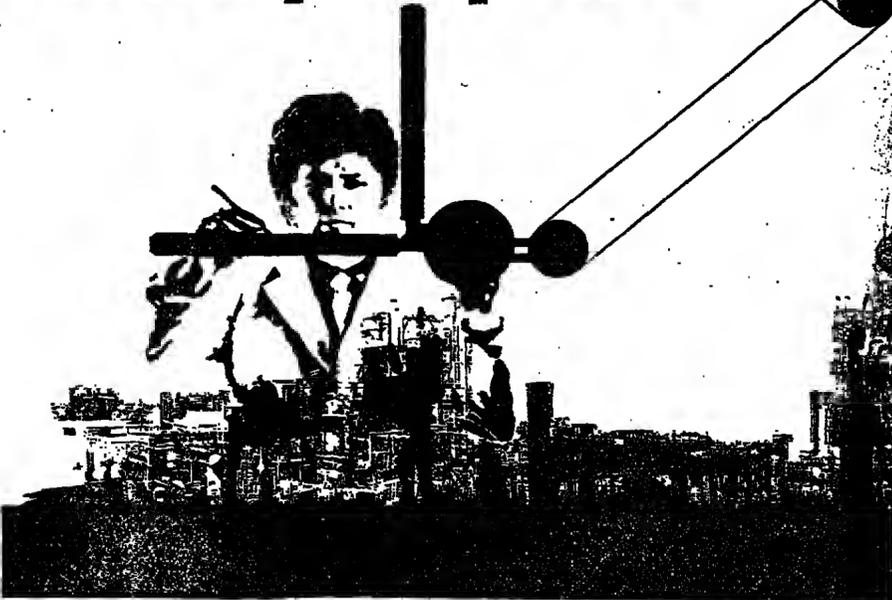
During the early 1960s gas sales were growing rapidly. The move to oil as a feedstock had given gas a competitive edge in the market, and a concerted

sales and promotion campaign operating costs of reforming plants compared favourably with the old coal-fed gas works. British Gas expected that the availability of more sophisticated gas appliances had led to a speedy growth in the installation of gas-fired central heat-

Several years after the decision a further disadvantage of reforming plants was given unexpected relevance by the Arab oil embargo and the resulting oil price rises. The reforming plant would have been a waste of money, because some of the gas to have been built in many parts used up in the actual process of the country. Such an option would have required major compatible with the need for investment, and though the energy conservation.

CONTINUED ON NEXT PAGE

Oil and Gas—the complete picture



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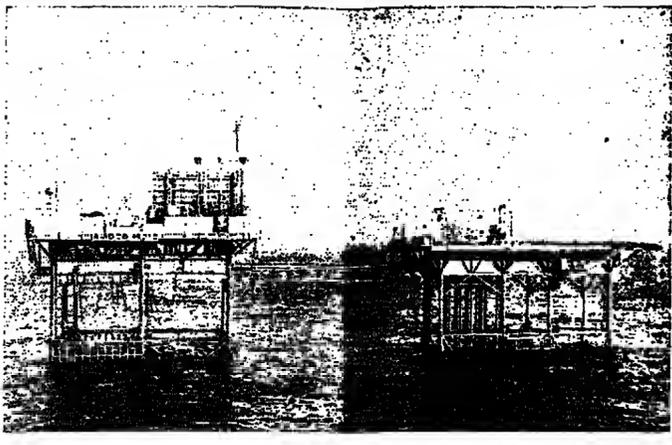
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*Spelling*

APPLIA LITA

THE GAS INDUSTRY V

# Rewards for conservation



A gas platform complex on Amoco Gas Corporation Group's Leman field in the North Sea. On the right is the platform containing 12 gas production wells.

SINCE THE early 1960s gas has been pushing its way past competing fuels to gain a dominant position in both industrial and domestic markets. And as benefits the country's fastest growing fuel supplier British Gas has taken on perhaps the leading role in the energy industry as an advocate of conservation.

It is not a stance adopted merely from motives of altruism; it is as much a product of enlightened self-interest. Conservation and fuel management have become inextricably caught up with the marketing, sales and promotion of all the various fuels. With a product that has essentially been in limited supply British Gas has been well-placed to promote the premium qualities of its fuel and it was natural that the sales link should be made between conservation on the one hand, and the great gains in efficiency on the other, that can be made by careful and resourceful use of gas.

Advisory services of one sort or another are a factor common to all the supply industries, but British Gas's approach has been the most sophisticated. In leading the conservation message the Corporation has placed the industrial market firmly at the top of the list. Industrial customers take more than 40 per cent of all the gas sold by British Gas, but the most selling factor is that out of nearly 14m. gas customers, a mere 70,000 consume nearly all of the gas sent out, which makes industry the most accessible sector served by the Corporation.

### Domestic

As Sir Denis Rooke, the chairman of British Gas, pointed out recently: "A 10 per cent saving in a single large industrial customer represents a lot of gas; much, perhaps, as the total consumption of several thousand domestic customers." The message of combining efficiency and conservation in industry is illustrated by the Gas Energy Management Award which the Corporation introduced last year. It provides a graphic illustration of the scope of making energy savings that exist in industry (and it proceeds, along the way, many examples of the inefficiency of current production methods). The GEM award is presented annually to the partnership of company and Gas Region technical consultancy service which, in its judgment, has made the most significant contribution to the efficient use of gas and, therefore, towards energy conservation. The Corporation's

technical consultancy service grew up during the period when the old manufactured town gas was a high-cost industrial fuel, which in many cases, could only be made competitive by the achievement of high thermal efficiencies. It was further developed during the prolonged conversion programme to natural gas—which ended this year—and now enables British Gas to offer industrial users advice and practical help on gas utilisation, combustion plant design, safety requirements and maintenance.

During the past 12 months the consultancy services were used by more than 300 industrial customers. Of these, 18 progressed to the finals of the GEM award, and taken together they bear eloquent testimony both to the savings that can be achieved and to the energy that is clearly being wasted by industrial, domestic and commercial users all round the country. The 18 companies achieved savings amounting to almost 7m. therms of gas a year—enough to meet the total energy requirements of a community of 40,000 people, a town the size of Canterbury. The investment needed to achieve such a saving is minimal when considered in terms of the pay back period.

The winning company this year was Vauxhall Motors at Ellesmere Port. It has embarked on an energy saving programme that will eventually save more than 500,000 therms a year, and in one part of the project, where the company has switched to a new design of burner and heat exchanger, individual plant fuel savings of 56 per cent have been achieved. Of the overall saving some 80 per cent will be achieved by low cost plant modification with a payback period of less than six months, and for the rest the payback period will be about one year.

The 7m. therms of gas cut from the fuel bills of the 18 companies represents about 9 per cent of their total gas consumption. Based on the current average revenue per therm of gas this amounts to a money saving of well over £900,000 a year. The total energy bill for British industry is some £6bn. and British Gas is quick to emphasise that if only half of the overall savings achieved by the 18 companies was reflected across the whole of industry, the total saving would amount to about £270m. a year.

Sir Denis Rooke is clear as to why British Gas is so busy trying to conserve the fuel it is also trying so hard to sell in increasing quantities. He sees no paradox. "We must avoid the danger of becoming complacent, frittering away these

resources by careless use and ignoring the lessons of the future. The very abundance of North Sea energy will make it much harder to get people to take energy conservation seriously." British Gas has sufficient reserves to meet the needs of all its premium customers at least to the end of the century, but it is intent on following a marketing strategy that contrasts sharply with policies followed by some other gas-rich countries.

Unlike the U.K. some other gas producers have tended to use gas more indiscriminately, in premium and non-premium applications alike. The Gas Corporation, however, is now talking of prolonging the life of North Sea gas as far as possible into the future "even if this means paying for some gas now but leaving it under the sea for the future, instead of selling it into non-premium markets."

But its present conservation campaign and advisory services are chiefly aimed at enabling companies to gain the same results by burning less fuel and to save money into the bargain. "If we can succeed in

we will not only conserve energy resources for the future, but we will increase productivity now." Sir Denis Rooke said recently.

At its Midlands research station British Gas has developed a number of devices for industrial use aimed at finding more efficient ways of using gas. Some have proved to be capable of reducing energy consumption by up to 45 per cent in particular applications, with corresponding improvement in productivity and product quality. Examples include self-recuperative burners, improved methods of water heating, the use of managers who have been appointed by an increasing number of companies as a result of conservation initiatives taken by the Government.

Mr. Peter King, the first head of the school and now the special projects manager for sales, had no doubts about the need for such appointments. "Too many companies simply do not realise the implications of the energy situation. We have been astonished to find that some do not even know what

## Conversion

CONTINUED FROM PREVIOUS PAGE

But perhaps one of the most important considerations weighed by British Gas was that expansion in demand had already begun to place a strain on the industry's storage and distribution facilities, particularly in London and other major areas. The Corporation faced a prospect of a major programme of mains replacement which would have involved an enormous cost. Natural gas, on the other hand, has double the thermal energy value of town gas, and offered the obvious prospect of putting a great deal more energy through the existing distribution system combined with a doubling of the effective capacity of existing storage.

The option of building additional reforming plant along with the building of new storage facilities was expected to involve the investment of £2bn. Conversion, on the other hand, along with the writing of plant was costed at £300m. The event the cost of the conversion programme totalled £1bn., but British Gas states that the cost of the conversion scheme would have been offset with inflation to about £1.5bn. Government sanction for the project was given and a pilot scheme to test the practicality of conversion operation was set out on Canvey Island in the Thames Estuary in 1966 using liquefied natural gas imported from Algeria.

### Placement

Like most other countries, Britain has gone through the conversion process. Britain used the concept of supplying sets of component parts that could be fitted to an appliance in situ. In all other conversion programmes around the world the aim has been to remove appliances from homes and to modify them in mobile shops in the locality. The technical standards of the conversion programme and the operating targets were initially set by what was then the Gas Council, but the detailed planning of the operation was the responsibility of the 12 area



Kevin Done

# CONGRATULATIONS VAUXHALL MOTORS!

Vauxhall Motors of Ellesmere Port have made enormous strides in fuel conservation.

As major industrial consumers of gas, they have significantly improved the efficiency of their gas-using plant and achieved dramatic fuel savings.

This year, on their heat treatment furnaces alone they have reduced fuel consumption by 56%—from 115,000 to 50,500 therms per year, and greatly reduced maintenance and replacement costs by changing to a new type of burner. When present work has been completed there will be a total saving throughout the plant of 600,000 therms annually.

These savings are the outcome of close co-operation between Vauxhall and the North West Gas Technical Consultancy Service. And it's made them this year's Gas Energy Management Award winners.

The G.E.M. Award is made every year by British Gas to the company and Regional Technical Consultancy team who, working together, show the most successful increase in gas-using efficiency. There were seventeen other finalists this year, and all won substantial prizes of higher plant efficiency and fuel saving.

If you're interested in running your plant more efficiently, or are looking for expert advice about installing new plant, or changing fuels, call the Technical Consultancy Service of your Gas Region or send in the coupon below. A preliminary chat is quite free. It could save you a lot of money.

And—who knows!—win you the G.E.M. Award next year.

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**BRITISH GAS**

# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## ELECTRONICS

### Tape heads with high sensitivity

A SUCCESS has been announced by the Eindhoven Laboratories of the Philips organisation in the development of magnetic tape heads of exceptionally high sensitivity compared with conventional inductive reading heads. Offering constructions which are much less sensitive to amplifier noise.

Read-out of information on magnetic tapes and in bubble memories is the area of application of the company's new magneto-resistive heads (MRH) which rely on the well-known principle that the electrical resistance of certain metals can be influenced by an applied magnetic field. The principle has, so far, not been used in the current application because of the difficulty of getting a linear response and undistorted reproduction. This the company's scientists have achieved.

At the same time, they have devised methods based on

microcircuit technology of making very small MRH sensors able to detect tiny variations in magnetic fields.

It has also been found possible to combine the inductive writing devices with these more sensitive readers. In contrast with the nickel-iron strips used in conventional MRH units, the Philips design applied bands of gold microscopically across the strip which greatly modifies current flow patterns and helps to achieve virtually linear response.

This harber's pole structure in the combined head is placed in the gap of the magnetic yoke of the inductive write head.

Although the Philips announcement contains the standard disclaimer that the work described refers to laboratory projects only and does not imply a decision to manufacture, it would appear this time that so much has been done on micro-electronic methods of manufacture for the new devices that the step to production can neither be large nor long delayed.

## QUALITY CONTROL

### Looking at pipe welds

MINIATURISED, a pipeline X-ray crawler suitable for use in both offshore and land-based pipelaying operations spends its working life inside oiled welded pipelines under the most arduous operating conditions examining welded joints.

The battery-powered crawler from Incoo (Ioffshore) is an extremely compact and robust mobile X-ray unit which can be directed under remote control to any part of the pipeline being welded. It has a motor capable of driving it safely up slopes of 25 degrees or more and an X-ray unit designed to provide a circular beam of X-rays capable of dealing with steel pipes 16 inches in diameter upwards, with one-inch thick walls.

All the crawler's power is obtained from a pack of sealed

Sonnenschein lead-acid batteries contained in a slide-on pack for easy removal for charging and replacement at the end of its arduous working shift, without taking the crawler itself out of the pipeline.

The crawler weighs about 400 lbs complete with its pack of nine 12 Volt Drycell cells each of 12Ah capacity. The crawler's motor normally takes about 0.5 amps at 108 Volts as it drives the pipeline slope. During the X-ray mode, battery load may exceed 1000 watts for up to about 10 seconds while a weld is being X-rayed. The complete battery pack can be charged up fully within about 8 hours so that a fresh pack is always ready for use at the end of a working spell. Incoo 90 0493 5486.

## INSTRUMENTS

### Mini tests continuity

AN ANNUAL turnover figure of just under £2m, 140 per cent exports and an employment figure of 265 have been reached by Dymar Electronics since the company started 14 years ago, based originally on making equipment for other radiotelephone companies but since 1973 expanded by providing relatively complex and complete systems under its own brand name.

A good deal of the company's success has been due to its ability to respond rapidly where some of the majors in the business were unable. For example, it recently provided a system covering the whole of Nigeria involving the provision of 130 fixed stations, each with 150 feet mast — and completed the work in 4 months.

Now, however, the company is turning its attention to the

## COMMUNICATIONS

### Dymar seeks new markets

Wider mobile radio market with both new vehicle and hand-held units. In doing so it will be making more of a direct challenge to Pye and Storm, neither of which it already claims to rank third in turnover terms.

The new vehicle set, called "Alert", is available with six channels for VHF (the model 850) or UHF (the 1050) and offers several advanced optional facilities. Selective calling versions save the driver from "listening out" for his call sign and provide both audible and visual warning of an incoming call. The light stays on so that if he leaves the vehicle he can, on returning, see that he has to call home.

To make the system "individually selective" rather than "vehicle selective", each user carries with him a plug-in match-book size module so that he can use any vehicle and always be

individually called.

A further additional option ("revertive signalling") makes the set respond automatically with a reentry signal, proving to the base operator that the correct person has been called.

The problem of the driver leaving the vehicle for some reason or another, leaving his uniformed or his setting a status button before leaving. There are 10 messages to choose from which could include "attending to a job", "am being hijacked", "if base attempts to contact the vehicle in the driver's absence, the status signal is automatically transmitted back. Alternatively, he can transmit such signals while in the car by pressing a button on the steering wheel. However, the driver cannot be expected to hurry back to the vehicle unless he knows there is a call waiting for him, and to overcome this difficulty Dymar offers the "Alert" a small receiver about the size of a pack of cards. This unit responds only to the reverting signal transmitted by the vehicle set.

The one driver alone is called according to his code. A "sleeping" receiver, it can be used several hundred yards from the vehicle.

The company has also designed a reduced-sized version of its hand-held set with a range of 10 miles in length of the aerial, and has entered the uhf market in this area as well.

GEORGEY CHARLISH

## TEXTILES

### Aids carpet design

GREATER flexibility and improvements in efficiency in the manufacturing process are two of the advantages of a new type of carpet design equipment now available in the U.K. through John T. Hardaker of Bradford.

Scanz Plan electronic computerised colour scanning equipment allows an artist's original design to be transferred direct from eight channel tape to Jacquard pastebord cards, or endless paper cards, and eliminates the use of print paper. Spreads are 50 times those of conventional methods.

John T. Hardaker, manufacturer of textile machinery for over 75 years, will offer Scanz Plan units through its Bradford headquarters and will use its network of agents to market them. The company is working in close co-operation with Dainippon Screen Company of Japan, which perfected the Scanz Plan system. More from John T. Hardaker, PO Box 33, Bradford BD4 8ST, 0274 28737.



## PROCESSING

### Simple solar still

IMPROVEMENTS to solar stills embodied in a patent granted to a U.K. inventor could make them highly effective, particularly in the provision of pure water to the houses, exploration units and so on.

The kernel of the development is the use of a material through which water to be purified rises by capillary action. The inflow of water being controlled to a level below that of the active portion of the mass.

Designs have been established for applying the idea for use on ships or in emergencies on small boats and the problems of scaling etc. suffered by most

types of desalination plants are overcome in this instance by sea water flushing at predetermined intervals.

The water being presented in a thin film throughout the porous mass more easily takes up the heat from the sun inside the glazed structure over the heat. This can be left as a pile of porous material or as a series of blocks of the material.

There are several ways of making it, the preferred one being to mix hardwood sawdust with plaster and dry the mixture at 700 degrees C followed by crushing and sieving.

More from J. L. Jackson, 4 Old Orchard, Byfleet, Surrey.

## FREQUENCY ANALYSED

PUT ON the market by Kemo is the System 767, a frequency analysis fully automatic input scanning, printer output and oscilloscope display.

Heart of the unit consists of 31 parallel filters covering all the third-octave frequencies from 10 Hz to 10KHz. The input signal is fed to all the filters, the outputs of which are rectified, integrated and stored in a random access memory for display and print-out.

The frequency analysis of the signal is built up continuously as a histogram on the built-in scope and the data is also printed in numerical and histogram form. In addition a second random access memory is used to store the maximum value at each frequency, which is displayed as a fainter, dotted trace and printed out as an additional value after the instrument has scanned round all of the seven inputs that can be accommodated. More from Goodwood Parade, Elmers End, Beckenham, Kent, BR3 3QZ (01-658 3825).

## Microwaves at Leyland

ONE OF the U.K.'s elite band of private microwave users, Leyland Cars, is expanding its existing small system to link all the major sites.

At seven GHz, the new network plan London will be linked to Cowley which, via one repeater site is connected to Longbridge. The route continues at seven GHz on to Castle Bromwich and Solihull, but there is to be a new pair at 13 GHz (in surprise allocation) from Longbridge to Redditch where

the company's computer activities are situated, and another seven GHz link to Coventry where a new 200 foot tower is being built.

The new links will become operational in January and will mean that 45 locations will be in communication by direct dialling, involving up to 6,000 conversations each hour.

At the moment much reliance is placed on the STD network and costs saved should pay for the new GEC equipment in about two years.

## PHOTOGRAPHY

### Cine camera tracks its targets

HARD ON THE heels of the announcement of an automatic, focussed still camera comes the news from Japan that Sankyo Seiki proposes to market an automatic tracking cine camera in January.

Exactly how it achieves this function of continuously tracking a moving object once it has been locked on its not disclosed.

The company says the electronics in the camera measure the distance continuously to the selected object, adjusting the lens settings accordingly.

The unit is an 8mm sound cine design, providing the automatic function from 1.5 metres upwards with instant switch back to manual.

The 1/12 bright lens and 230 degree wide shutter allow the unit to be used in poor light conditions the developer says and has indicated that the launch price will be slightly over \$300.

Sankyo Seiki is at Sbizomawamachi 5329, Suwasun, Nagano Prefecture, Japan.

The still camera, offered in London recently, is by Konisbrotoku on 01-890 5877.

## DATA PROCESSING

### Index-link move by Centre-file

WITH THE continuing escalation in building costs, the insurance companies have been keen to introduce index-linked property insurance schemes. Building societies, adopting the schemes, can ensure that mortgaged properties are adequately insured against borrowing, thus may be confident that, in the event of major damage to their homes, claims will be settled in full.

Centre-file (National Westminster Bank) maintains the accounts of over 70 building societies, and since its inception in 1969, the service has incorporated the facility to debit annual insurance premiums to mortgage accounts as they become due.

With the introduction of index-linked insurance, the calculation of new premiums and the updating of insurance records would be a daunting task for most societies to implement regularly on a manual basis. This is, however, an ideal application for a computer, and in the belief that in time many of their customers would wish to adopt index-linked insurance schemes, Centre-file has introduced facilities to cater for them.

For each society operating an index-linked insurance scheme, Centre-file maintains insurance details for up to twelve insurance companies. For each insurance company, the information held includes details of excesses deleted and premium rates for different building types. The index rate to be applied for each insurance company is specified by the building society prior to each run, and is not tied to

## WELDING

### Spot weld reactor

REACTING to the noises made during spot welding, a feedback controller developed in the U.S. monitors weld quality and ensures consistent weld nugget size.

The system is said to double electrode life, limit expulsion, and produce uniform quality spot welds which require little or no secondary cleaning.

The acoustic controls are sensitive to the high frequency stress sounds emitted when solid materials are stimulated mechanically or thermally, such as in spot welding. The controller processes the sounds electronically and then monitors, analyses, and controls the welding operation with feedback circuits.

Overshooting to attain a sound weld has been common practice in many industries, but leads to problems of wear and maintenance, and high power usage. In this system the unit can be used to produce uniform welds when joining materials of different thickness, and when welding coated materials such as galvanised steel. Typical applications are in vehicle production.

Information from the maker, Tridyne Corp., 490 Corporate Drive, Mahwah, N.J. 07430, U.S.

## WELDING

### Paper cam controller

A U.K.-made device called Optacam offered by T. Takaki and Co. is able to provide almost any smoothly changing current/voltage variation over periods of time from two minutes to six hours.

Basically the system consists of a rotating transparent turntable with a light source on one side and a photocell on the other.

Light from the source is collimated by an optical system into a narrow light beam which is directed to the turntable surface and makes a radial line upon it. Placed on the surface is a paper cam which, when the turntable rotates obscures a corresponding length of the radial line of light. The output of the photocell on the other side varies accordingly.

The maker says that a paper cam can be made in a few minutes using a clamped stylus and moving the turntable on its sliding mounting while it is rotating. Then, the light line protrudes over the edge of the disc giving the same obscuration effect as will be obtained by the resulting stylus-traced cam that will ultimately be used. The photocell's output is amplified and can be seen on a meter to make programming easier. More from 139a, New Bond Street, London W1Y 9EB (01-499 1354).

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# The Management Page

EDITED BY CHRISTOPHER LORENZ

Max Wilkinson on this week's news from Sir Arnold Weinstock

## GEC's new Stateside thrust



Key figures in GEC's plans for the U.S.: from left to right Sir Kenneth Bond, deputy managing director; Geoffrey Cross, the new recruit; Sir Arnold Weinstock, managing director.

TRYING to buy U.S. companies involves the same sort of frustrations as trying to buy a new house, according to Sir Kenneth Bond, deputy managing director of the General Electric Company.

He has reason to know, because GEC has looked in detail at more than 50 U.S. companies in the last 15 months; but only five were thought to be worth serious negotiation and is yet to purchase in the electrical or electronics field has been made.

"When you go round looking at property, you see lots of lovely houses, that you would like to buy, but when you go to the estate agent you find none of the ones you liked are on the market, and the property which is for sale more often than not has something wrong with it," Sir Kenneth says.

"It is the same in the U.S. There are many businesses there which we would like to own, but the best companies are usually not for sale."

GEC's long-standing ambitions to buy itself a presence in the U.S. \$1bn. electricals market were given extra momentum this week with the announcement that Mr. Geoffrey Cross, the dynamic former chairman of International Computers, has been hired to "scout" for new acquisitions and sort them out. GEC says there will be no shortage of funds behind him.

Mr. Cross seems ideal for GEC's purpose. He is an English-born American citizen who knows the ways of GEC and happens to be moving to California for family reasons.

In his five and a half years at ICL he showed tremendous

management drive in forging together the different pieces from Ferranti, English Electric Computers and the other component parts of ICL. He also made a highly successful—some say brilliant—purchase in the U.S. of Singer's international small computer interests, carrying them off on advantageous terms from under the noses of his big American computer rivals.

But the question remains: can Mr. Cross work similar magic for GEC since it has been trying, without success, to buy its way into the U.S. for the last four years? Is there an innate caution at the centre of GEC, an unwillingness to take the necessary risks of large-scale foreign investment which, in spite of its protestations, will frustrate even the mercurial Mr. Cross?

GEC was, after all, talking about American investment as far back as 1973 when it clearly perceived that future expansion must be in world, rather than U.K. or even just European markets. But since then it has appeared, from the outside at least, extremely slow.

Siemens, GEC's German rival, has, by contrast, been making some substantial purchases in the U.S. recently, and Siemens takes a pride in being cautious in these matters (see this page, September 16).

Siemens' approach and its motives appear, in fact, remarkably similar to those of GEC. Both companies are intensely concerned about the problems of management which arises from a foreign purchase.

As Sir Kenneth says: "A lot of the companies we look at are run by entrepreneurs with

an individual style of management. You may find that after you buy the company the key man leaves, and then you have a big problem. It is not easy to turn round any company which does not have the right management, but it is particularly difficult in a foreign country."

Siemens and GEC are also both primarily interested in acquiring companies which fit in closely with their existing business, and they are wary of buying something merely because it looks as if it could be profitable.

"We are not trying to build up an investment portfolio," Sir Kenneth says. "We want to buy companies which, when they are put together with our present operating units, will make something which is greater than the sum of the parts. We do not want to make acquisitions for acquisitions' sake. If you bought the wrong companies you could easily spend \$250m. and then find you had nothing left when something came up that you really wanted to buy."

### Largely theory

So far, however, this is largely theory on GEC's part. Its only major purchase was the Alco diesel engine factory in New York, which it bought for \$45m. in February this year. It also set up a gas turbine factory in Texas in 1972. It has an industrial components operation in Georgia acquired with English Electric in 1968, and an electronics factory in New Jersey. The total U.S. turnover is currently about \$73m., only a fraction of a per cent of the total electrical market.

has started to forge ahead quite fast in the U.S. Earlier this year it bought Litronix, a small electronic components firm. A half share in Allis Chalmers' heavy electrical interests, bought this summer, will add a turnover of about £130m. a year to the existing Siemens £150m. manufacture and sales in the U.S. Only last month Siemens paid \$22.5m. for a 17 per cent share in Advanced Micro Devices, a Californian electronic components company.

This last move is particularly significant because it represents a purchase of technology rather than of market share in this rapidly developing field, in which Europe lags far behind the U.S.

Mr. Cross's appointment indicates that GEC may be ready to follow suit, because he will be based in California, which is the centre of U.S. micro-electronics activity. Hitherto there has been a major question mark about whether GEC has the will to move into such a risky and volatile business as micro-electronics on an international scale. There have been those who said that GEC's strength was in design and the production of complete systems. According to this view the company can design its own specialised components, have them custom-made and then buy standard components from off the shelf.

Siemens, on the other hand is strongly committed to component manufacture, even though it cannot, at present, compete across the board. Such comparisons can, however, be pushed too far. The history of the two companies has been radically different. Siemens has grown steadily and

organically since the war, while GEC is the product of a series of more or less cataclysmic mergers during the 1960s.

The bringing together of AEI, GEC and English Electric over a wide range of products has absorbed a huge amount of management energy. Sir Kenneth Bond says this process was not fully completed until 1973. "In some cases we were putting together five separate businesses."

The other historical reason that GEC has been slower to look at the U.S. is that most of the businesses it took over already had a world-wide sales and manufacturing profile throughout the British Empire, and felt they could afford therefore to ignore the U.S. to a large extent.

Other big electrical groups like Dutch Philips and Siemens did not have this captive world market, so they were forced to look elsewhere from an earlier date. Siemens has been building up sales in the U.S. since 1950, starting with a small group of specialised products. And it has therefore been able to expand slowly from marketing to manufacture, and more recently to acquisitions.

Allowing for this difference, the way in which the two companies have investigated U.S. purchases is basically similar. From the flood of possibilities produced by bankers and brokers, the likely candidates are selected and sent to product divisions for further investigation. Product managers have to decide whether they fit into their existing manufacture and development plans. The half-dozen or so companies which survive this sifting process are subjected to a further rigorous

investigation from the centre. "We test every bit of information we are given to destruction point," says Sir Kenneth. "We really do not want to be landed with something which turns out to be no use."

The sceptics still say GEC has been over-cautious and chary of making long-term investments, though in two cases the proposition fell through. However, the company says it is hoping it may be able to say something definite "soon."

Sir Kenneth says: "We are pushing our product managers outwards from the U.K. Mr. Cross will add an extra element. He will be pulling from across the Atlantic." GEC has recently hired Mr. Graham Odgers from the Department of Industry to help advise on American acquisitions, and this week the company also announced the appointment of Mr. Ronnie Grierson as chairman of its New

York holding subsidiary. His job will also be to "keep his ear to the ground." Mr. Grierson has wide contacts in the U.S. merchant banking world.

Recently the company has been in an advanced state of negotiation with five U.S. companies, though in two cases the proposition fell through. However, the company says it is hoping it may be able to say something definite "soon."

### No barrier

If, as now appears, GEC really is ready to go West it will have one major advantage over many of its continental rivals with similar ambitions—there is no language barrier. GEC executives put a lot of emphasis on this fact because of the crucial importance of good communications between management at all levels if a new purchase is to be successfully integrated.

But one difficulty faced by almost all European bidders for U.S. companies is that the prices paid have generally been extremely high, in spite of the de-

pressed level of U.S. stocks. One of the other key remaining questions, perhaps, is whether Mr. Cross's abrasive and adventurous personality will harmonise with the style set by Sir Arnold Weinstock, GEC's managing director.

Sir Kenneth thinks there will be no problem here: "It is a myth that GEC is a company which does not take risks. The fact is that our managing directors have greater freedom to make investments than in any other U.K. company. We expect people to be adventurous because that is the only way to survive. Geoffrey Cross knows our ways; we get on well. We like to work through personal contacts rather than endless committees and Boards and so does he. We like people to make decisions and then to change them if they are wrong. So does Geoffrey Cross."

So what about Mr. Cross's eventual future with GEC? Could he become a major force in its management? Nobody is saying. For one thing, it depends on how successful he is in his attempt to buy American companies.

### Anglo-German study boost

ONE OF the more enterprising European research organisations, the Anglo-German Foundation for the Study of Industrial Society, was given a major fillip last week by the Prime Minister's appointment of Sir Douglas Allen, retiring head of the Home Civil Service, to be one of its six trustees.

Only last month the Westminster-based foundation celebrated its fifth anniversary in somewhat muted fashion, since it has not yet been given any assurance about its future funding.

The Foundation owes its inception to an initiative by the West German President in 1972, when he visited Britain. At that time the German Government committed the funds necessary for it to operate for five years, a total of DM15m. in five yearly tranches of

DM3m. was forwarded immediately. And because the foundation did not begin full operations for at least two years, a substantial amount of the money has not yet been spent.

Mr. Peter McGregor, the secretary-general, says: "We can continue operating at the same rate until 1980, but we need to know next year what our future is to be."

If no more money is forthcoming the foundation will have to consider using the DM6m. capital it retains, and operating

on the interest—on a reduced technology-based companies and housing/land policies within the last month; these have been followed by reports on industrial relations and worker-co-operatives.

The handful of reports already published—most to a considerable amount of public interest and debate—are dwarfed by the volume of research projects in the course of preparation.

Major studies already published compare smaller businesses in both countries, new

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Major studies already published compare smaller businesses in both countries, new

### Badger Corp. in Belgium

THE article on Belgian redundancy costs on November 25 referred to the closure of the American Badger Corporation's local subsidiary. Badger has asked us to state that it is not correct that its settlement with the Belgian employees was made as a result of OECD pressure. The company says "the Committee of the OECD never

adjudged specifically on the (Belgium) agreed on April 21, 1977, to increase the assets to never contacted by OECD, no Br.Frs.120m. (not Br.Frs.250m. influence or pressure of any sort as implied in your article) in was brought to bear on Badger order to meet the termination by the Committee and no allegation of breach of the Code of Conduct formulated by the OECD.

"It is important to make clear that on closure, the entire assets of Badger (Belgium), Br.Frs.100m., was left for distribution to the employees. The parent company of Badger met all Belgian requirements."

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Miners and firemen

TWO main developments on the pay front yesterday allow one to feel rather more optimistic about the Government's chances of keeping the average increase in earnings during the current bargaining year within hailing distance of the 10 per cent for which it is hoping.

moreover, the executive has found a way—by 15 votes to nine—of carrying out the original intention of the Government and the Coal Board.

Unfortunately, the annual conference rejected both the productivity deal and the TUG recommendation that there should be a 12-month gap between successive pay awards.

The offer made to the firemen yesterday by Mr. Rees was a firmer and more detailed version of one already made by the Prime Minister.

Productivity Yesterday's decision of the union executive will, in turn, be strongly criticised. It voted, first, to accept the 12-month rule, so that any increase in basic wages will now become due next March and not be back-dated to November.

This could make sense—though the details are still to come—if it were to be one part of a relatively small part of a scheme for setting pay as a function of the public sector as a whole.

Democracy on test in Lisbon

SIXTEEN MONTHS ago, after its first general elections since the fall of the authoritarian Salazar regime, Portugal was widely congratulated for having made a successful transition from the confused rule of the military revolutionaries to an orthodox parliamentary democracy.

On the basis of the parliamentary arithmetic, a majority government could in theory be put together if the Socialists were to take into coalition one of the other parties.

Turbulence The occasion for Mr. Soares' fall has been his failure to get parliamentary backing for a devaluation package which would, at the same time, help to reduce Portugal's large balance of payments deficit.

Secondly, it is doubtful whether new elections could be counted on to throw up a workable parliamentary majority.

At no time since the general elections of 1976 have the Socialists been able to provide that kind of government. Under constant attack from those on the left who want to consolidate the revolutionary gains pushed through by the military, and from those on the right who want to reverse these measures, Mr. Soares has made a virtue out of the necessity constituted by the ideological differences which separate his party from the Communists on the one hand, and the Social Democrats and Christian Democrats on the other.

The only obvious alternative is that President Eanes should himself take control of the government, by-passing parliament, but this is a course which he is most reluctant to take.

Mr. Wedgwood Benn spurns experts on nuclear policy

By DAVID FISHLOCK, Science Editor

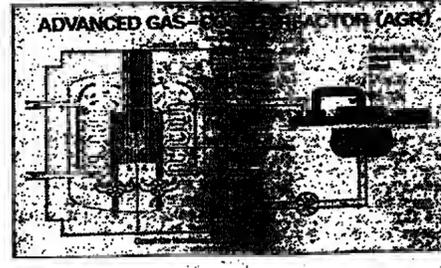
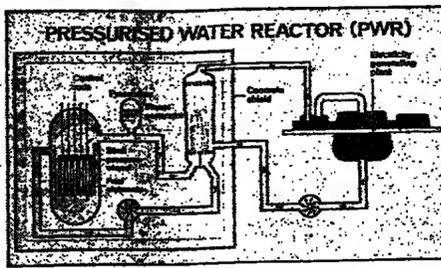
THE CABINET any day now should make up its mind about which nuclear reactor it wants the electricity generating boards to order for a new era of nuclear construction.

Commission — which discussed the Energy Department's forecasts last week — put forward a contradictory analysis of its own future energy requirements.

AGR still under construction in the north of England, once seen as a major advance on the early (mid-1960s) designs. These are still two years from producing their first electricity.

The CEGB wants to order a PWR. It argues that it cannot make a clear-cut decision between the AGR and the PWR for the reactor on which to base the kind of expansion of nuclear capacity the Energy Department foresees for the 1980s and after.

case in asking for a foreign reactor as insurance if, as seems likely, the Government decided to abandon the steam-generating heavy water reactor (SGHWR). It is the body that will be called upon to shoulder the problems of any large expansion of electricity capacity that may be expected to follow a revival in U.K. economic fortunes in the 1980s and 1990s.



The two nuclear electricity systems the CEGB wants to order. The advanced gas-cooled reactor (right) is a development of Britain's Calder Hall nuclear station, using higher temperatures and pressures for the carbon dioxide gas which transfers heat from the fuel to the boiler. It raises steam with an efficiency of 43 per cent. The pressurised water reactor (left) is a development of the U.S. submarine reactor (also used in British submarines). It uses water instead of gas to transfer the heat, and is the most compact of the commercial reactors available at present; hence its lower capital cost. But it operates at only half the temperature of the AGR, 320 degrees C, compared with 650 degrees C, so its steam cycle efficiency is only 32 per cent. Both reactors use slightly enriched uranium fuel.

An article examining Britain's energy prospects after AD 2000, on this page last week, concluded: "The stark fact that emerges from the Energy Department's forecasts is that, given continuity of the assumed 3 per cent annual growth rate, Britain's nuclear capacity must expand very rapidly from AD 2000 onwards."

Energy Commission had no doubts that it should be the advanced gas-cooled reactor (AGR). There was "very strong pressure," said its chairman, for an early AGR order.

But a few days ago Cabinet Office officials were calling in Britain's top nuclear experts to brief them on serious trouble at the Hunterston B AGR station in Scotland.

amount to a saving of several billion pounds over a large concrete pressure vessel of nuclear programme.

But the PWR proponents are serious problems. They have only patchy support in the Cabinet—Sir Harold Lever, for instance—and almost none among backbench MPs.

It is no secret that the rift between Mr. Wedgwood Benn and his political advisers, on the one hand, and some of his top officials, on the other, runs deep.

But a few weeks ago, in some panic because it believed that a Cabinet decision was imminent, the CEGB disclosed its latest conclusions on reactor choice. The re-verse was clearly the initiative if a major engineering decision, which they lost in 1974 when the Government refused to accept their assurances on the safety of the U.S.-designed pressurised water reactor (PWR), which they wanted to order.

Somehow the incrustation must be removed. The physics and chemistry of reactors is so sensitive to ignore such a noxious mixture. Fortunately, men can—indeed have—entered this part of the reactor, wearing ventilated suits, although working conditions so close to a full

insulation, designed to ensure that billion pounds over a large concrete pressure vessel of nuclear programme.

On balance, the CEGB has made a good case for the PWR—as an insurance policy against the demands of the nation may place upon the nuclear industry in 1974 looking for a "five year" AGR. It could be contaminated area. Even so, the cost of the repair — perhaps £1m. at the worst — would be small compared with the cost of replacing the SSER's cheapest source of electricity, by reactivating old capacity which could amount to £12m.

The Energy Secretary has offered no evidence that his lack of conviction is founded on any analysis as rigorous as that which his own department has undertaken in the past year.

The CEGB also accepts that the only type of reactor for which it can place an order quickly is the AGR. This would certainly not be the kind of

insulation, designed to ensure that billion pounds over a large concrete pressure vessel of nuclear programme.

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MEN AND MATTERS

Think before you drink . . .



Sir Humphrey Prideaux, chairman of Brooke Bond Liebig, is bracing himself to face a storm in the company's tea-cup at the AGM to-day. Profits rose 91 per cent to £49.8m. over the last financial year—thanks largely, but not exclusively, to the effect of higher tea prices.

This may be good news for many of the company's shareholders, but is viewed with mixed feelings by the World Development Movement (WDM). Together with representatives of other shareholders such as the Labour Party, the General and Municipal Workers' Union and Hillingdon Borough Council, the WDM intends to seek a commitment from Sir Humphrey that higher profitability will be used to improve pay and conditions in the tea estates, specially in India.

WDM, a "fair deal for the third world" pressure group with headquarters in Covent Garden, claims that Brooke Bond only pays its tea pickers "a miserable 42p a day," although when I asked Sir Humphrey he claimed the average was 86p per day, some 20 per cent higher than last year. He said the company also spent an average of £80 a head per year to provide housing, education and health facilities for its 20,000 estate workers.

Vic Sutton, the WDM director, later said that 42p was the minimum daily rate for a basic four kilos of tea per day and conceded that many workers picked more than that.

But what incenses them is Brooke Bond's argument that they are prevented from raising wages and conditions because they are bound by the locally agreed tripartite agreement between the Indian government, the estate workers' unions and local employers. As Sir Humphrey put it: "India is a proud country and has long ceased to be marked on the map. We can no more double our wages than American companies could do over here."

WDM fear that higher East African production generally is at the expense of more investment in India and is detrimental to the chances of achieving a world tea agreement on prices and quotas to stabilise the market.

Snap judgment

For those in the City who maintain that investigations under the Companies Act can take an almost interminable time, the Kina affair must be an ideal example. Two years ago to-day it was reported that the Department of Trade was intending to appoint inspectors to look into Kina's spectacular collapse.

The inspectors were duly appointed under Section 165 (b) of the Companies Act: they are William Denny, QC, and a chartered accountant, Kenneth Webb. Their report is still in preparation—and I have to report that it is impossible to present when it is likely to be presented. It may be argued, of course, that not many people are still interested: the shareholders lost their money irretrievably and what was left of the Kina water jetting business was sold off to Babcock and Wilcox by the receiver. But there might still be some lessons, when the report is ready one day. As a Department of Trade spokesman admitted yesterday, the Kina debacle did for a time "undermine the credibility" of the Queen's Award.

Yuletide spread

This week, Continental supermarkets are luring housewives with "Christmas butter," at prices cut by a third. The Common Market — or rather the taxpayer — is playing Santa Claus, with the aim (can't you guess?) of reducing the Market's 400,000 ton butter mountain. Previous efforts have

Unmistakable

Golden Ellipse and 18 ct. blue coloured gold. They invariably identify Patek Philippe designs. They tell you that the watch was finished entirely by hand, in the manner practised by Patek Philippe since 1839. The Golden Ellipse was derived by Patek Philippe from the Golden Section, the principle which already inspired the design of the Parthenon. The blue coloured gold of the dial is a bit of alchemy signed Patek Philippe.

France's dairy industry president, Francois Lepaire, alleges: "This operation is politically motivated. It is the result of an offensive by a number of our Common Market partners and a campaign by the British Government against the regulations for managing the butter market."

A French housewife I spoke to yesterday was dubious for a different reason. She expressed an apparently widespread complaint: it has a strange "foreign" taste. "So I prefer to pay the full price." If other Common Market buyers show as little enthusiasm for Christmas butter as the French, we can look forward to another big contract with the Russians when the stuff finds its way back into the Common Market fridge in January.

Filled to bursting

Sign in the window of a Hampshire butcher's shop: "These sausages are guaranteed 100 per cent meat plus 20 per cent. Exquisite additives and flavourings."

Advertisement for Patek Philippe watches, featuring images of a Golden Ellipse watch and a 18 ct. blue coloured gold watch. Text includes 'Unmistakable', 'Golden Ellipse and 18 ct. blue coloured gold', 'PATEK PHILIPPE', and 'Ennobled by the craftsman's touch'.

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# The Crown Agents muddle

HERE IS a distinction to be drawn between those who have been following the affairs of the Crown Agents for some time, and those who only caught up with them in any detail with the publication of the report last week. That, I take it, is what the unfortunate Mrs. Judith Hart was trying to convey to the House of Commons on the course of Monday's emergency debate.

To the cognoscenti the report merely confirmed what had long been known, or at least suspected. Its merit was that it did so very well, and without flinching punches. But, after publication, there was not a great deal more to be said, nor even great deal more to be done. In fact, after all, had been discovered, and the Crown Agents themselves were already under new management. To the public at large, however, even to the majority of MPs, the report was a revelation. I must confess to belonging to the latter group. Indeed I did not even start reading the report until after Monday's debate and the Government's defeat. The first thing to be said about it is: buy it. Not only is it remarkably well-written; it also must rank among the best political briefings of our time. The second thing to be said is that for the Government to have believed it had the slightest chance of getting away with no more than a further private inquiry into apportioning the blame for the events recorded was a major misreading certainly of opinion in the House of Commons, and probably in the country as a whole. It was a misjudgment, in fact, on a par with those which have dogged this wretched affair so long.

Having said that, it is important to add that the report is not, by and large, about corruption: it is about incompetence. It is true, as Mr. John Mendelson, the Labour Member who initiated the debate, remarked, that it is a "shocking indictment" but an indictment of what? It is not, particularly, an indictment of the City, nor of successive Labour or Tory Governments. It is an indictment rather of British muddle, confusion and indecision.

## Out of date

At the risk of irritating the cognoscenti, it is worth going through some of the facts once again. To take first the behaviour of the Crown Agents themselves, and especially the Finance Directorate which was largely responsible for the Agents' own-account dealings. There was no proper system of accounting. The report notes that the accounts for the year ending December 31, 1971, were not signed until August 22, 1973, and that those for 1972 were signed on January 31, 1975. The report comments that when these accounts finally came out, they were "next to useless as an informative record because they were so seriously out of date."

As for errors of judgment, one may note the remark by Mr. Alan Challis, the Finance Director, on page 107 of the report that Mr. William Stern "must be a millionaire in his own right several times over" and must therefore be lent money, and contrast it with the subsequent finding, recorded on page 144, that Mr. Stern had been a millionaire only on paper and that

he had given personal guarantees totalling over £100m. One turns now to those outside the Crown Agents who were in a position to do something about the situation, but who did not or, at most, did very little. In early 1971 it was decided to hold an inquiry into what was going on. The Stevenson Committee, which was to conduct the inquiry, was not set up until November that year and it produced its findings in March 1972. No Government statement on the findings, which were not of course published, was made until the following July. The report comments that in this way 18 months were lost. It was possible to parry every request for information with the reply that the position of the Crown Agents was under investigation, and that nothing could be done until after Stevenson had reported.

There is something much worse however. The Stevenson Committee did not even know that the Bank of England had long since expressed concern at what the Crown Agents were doing in their own-account activities. As early as 1969, the Bank had concluded that the Agents were abusing a special concession under which they were allowed after-hours dealings in Treasury bills, and the Bank had withdrawn the facility. "Also," the Deputy Governor of the Bank told the Finance Committee much later "we felt that they were dealing in paper of less good quality than we thought they ought to." That concern was never passed on to the Bank by the Stevenson Committee, nor did the Stevenson Committee discover it. One could go on, but there is perhaps one supreme irony.

In 1970 a legal adviser at the Foreign Office had stated that "liabilities incurred by the Crown Agents... must ultimately be regarded as liabilities of the Crown." That view was communicated to the Treasury at the time. Indeed it seems to have been shared by Crown Agents: the Stevenson Committee noted, for example, that it was the Crown concession which enabled the Agents "to enjoy a credit rating which they would not have enjoyed on the strength of their balance sheet position alone."

The only people who did not share that view were the members of the Finance Directorate. They knew nothing whatsoever about Government acceptance of liabilities. And it was in the belief that liabilities would not be so accepted that they went on getting themselves deeper and deeper into trouble.

It is thus that one returns to the question of what the Government was to do when it was presented by Judge Fay with a report that disclosed such devastating muddle and incompetence. It is true that Mrs. Hart probably was not much surprised by it. Her record, periodically as Minister for Overseas Development and in Opposition, in trying to find out what was going on had been immaculate. It is also true that the report is so thorough that there is probably not much more to be discovered. And it has to be said again that the Crown Agents affair was misconduct, for which people can be tried in the courts. Besides, it appears that the Cabinet and the law officers did

consider the possible alternatives to a follow-up private inquiry which would seek to apportion the blame for the affair, and concluded that they all had certain disadvantages. These alternatives are examined in the Report of the Royal Commission on Tribunals of Inquiry in 1966 under the chairmanship of Lord Justice Salmon, which, along with the Fay Report, has been the statutory reading of the past few days. Salmon was set up to review the workings of the Tribunals of Inquiry (Evidence) Act 1921, under which there had been such famous Tribunals as Lyones in 1948 and Lord Radcliffe's inquiry into the Vassall affair in 1962, and to consider whether the Act should be retained or replaced by some other procedure. It came down heavily in favour of retention, though it also proposed some amendments.

## Party lines

In the course of its work, the Commission discussed the alternatives. It was utterly dismissive of the idea of a Select Parliamentary Committee of Inquiry, largely on the grounds that such Committees had tended in the past to divide along party lines and that MPs lacked the experience of taking evidence and of cross-examining witnesses. It was complimentary about Lord Denning's inquiry into the Profumo affair, which was held in private and did not publish the evidence but attributed the success entirely to the "rare qualities and high reputation" of Lord Denning. Such an inquiry was perhaps the nearest procedural equivalent to that proposed by

the Government to follow up the Fay Report last week. Yet it is striking that the Salmon Commission had recommended as follows: "No Government in the future should ever in any circumstances whatsoever set up a Tribunal of the type adopted in the Profumo case to investigate any matter causing nationwide public concern." Instead it fell back on the preservation of the 1921 Act, arguing that on the very rare occasions when crises of public confidence occur "it is essential that the evil, if it exists, shall be exposed so that it may be rooted out." It added that the inquiry should be conducted as far as possible in public, as indeed the 1921 Act allowed.

It was resort to the 1921 Act which Mr. Mendelson demanded when he launched the emergency debate, and which the Government yesterday was reluctantly obliged to accept. One can argue that the Crown Agents affair is not a "matter of nationwide public concern," and that therefore the Salmon recommendation does not apply, though that seems to me a misunderstanding of opinion. One can argue, as the Government did, that a public tribunal will take a very long time and may not unearth very much more in the end. It can even be maintained that the best course was to do nothing except to allow such criminal and civil proceedings as were possible to be continued. But what one cannot argue, and expect to get away with, is that any inquiry flowing from the Fay Report should be in private. That was the Government's mistake. As it happens, even the procedural arguments are in favour of the Tribunal. Only the



Mr. Sam Silkin, the Attorney General, leaving No. 10 Downing Street after the Cabinet decision on the Crown Agents yesterday.

Tribunal will have the power, as the Fay Committee did not, to compel witnesses to attend and to produce documents. Only it will be able to ensure the necessary legal protection of innocent individuals, while at the same time allowing the public to know what is happening. The hearings will not be pleasant, but neither was the Crown Agents affair. Meanwhile, it is said in Gov-

## When is a bank not a bank?

From the Managing Director, Sir Alexander Associates. Sir, Michael Blandford's article in your survey of Europe on November 5, entitled "Banking Insurance," observes that Britain has so far been an exception in the EEC in having no provision for banks. We have indeed been waiting for such provision for some years, and we know that the continued delay, or non-appearance of the follow-up of last year's White Paper, is of some concern to many of the very reputable international banks that operate in the U.K. What is more such banks could threaten the high reputation of the City of London in the banking world. It is not to be fully realised that such a catastrophe could have occurred if we had a clearer definition of what is a bank and what are its responsibilities.

As well as the various measures of money itself. Whether this causes a temporary "ent in the rate of real growth, or does the opposite (for example, through "increased confidence"), or has little impact either way, depends more than anything else on whether people's planned portfolios have been unexpectedly disturbed. In particular if the real money supply does fall, the extra real cash balances must be acquired and spending will drop. But such a fall will almost certainly not occur when the rate of growth of the nominal money supply is decreased in line with people's expectations. Monetary targets, clear exposition by Ministers, and then the avoidance of overshooting in implementation (by close monitoring of the aggregates and early corrections), are the key elements in reducing the side-effects on real growth of such a policy. Patrick Minford, University of Liverpool, Eleanor Rathbone Building, P.O. Box 147, Liverpool.

## Transfer tax

From Mr. J. English. Sir, Now that some of the euphoria has died down over Mr. Healey's proposal of October 26 that the lower threshold for capital transfer tax be raised from £15,000 to £25,000, perhaps we could look at just how savagely this tax is now biting. An increase of £10,000 from fifteen to twenty-five, or by 66 per cent, sounds generous — until one remembers that the Retail Price Index (the generally accepted measure of inflation) went up between March 1974 and March 1975 by 61.8 per cent, and October 1977, by 81.8 per cent. All that Mr. Healey has really done is to let back out of the net a lot of the little tiddlers who have crept in over the past three years.

But by increasing all the higher thresholds by only a flat £10,000, instead of increasing them progressively, the burden of the tax as a whole has become ever more savage. In March 1974, a man left an estate of £352,500, tax took exactly one-half of it. From October 1977, he must leave £312,500 for the tax to amount to one-half; but allowing for inflation of 81.8 per cent, £312,500 is equivalent to only £226,900 in March 1974. The tax is now biting, and biting really hard, on far less wealthy men than it did when first introduced. The equivalent figures for an estate where one-quarter of it goes off in tax are £38,750 in March 1974, and only £28,450 (inflation adjusted) after the recent mini-Budget. These are not the estates of extremely wealthy men; but I do not think that many of them know just what is happening to them. J. English, Willis Towsers English and Co., 55 Abchurch Lane, London EC4A 3DF, Bournemouth.

## Bankrupt but bidding

From Mr. C. Wyatt. Sir, The bid by the British Steel Corporation for Graham Wood raises two basic questions. Since when is a company which is effectively bankrupt—as admitted recently by its chairman—allowed to bid £236m. in cash for another concern? As negotiations have been going on for a month or so, we presume that the Office of Fair Trading has been consulted on the likelihood of a reference to the Monopolies Commission? If this is the case the alleged supply policy which is ambiguously as such, and they embrace the PSBR

## Letters to the Editor

but it is still a monopoly by all current criteria and further expansion must therefore be referable. Or are we to see the OFT doing an ostrich on the instructions of its political masters as in the Tate and Lyle/Manbre and Garton cases? Charles Wyatt, Wyatt Associates, Malcolm House, 12, Orange Street, Highmarket, W.C.2.

## VAT and bad debt relief

From Mr. R. Howes. Sir, Following on Mr. P. Granville White's letter (December 12), I would like to highlight the two advantages enjoyed by retailers as opposed to manufacturers: small manufacturing businesses; retailers obtain effective relief from bad debts as they are able to pay VAT on a cash received basis. They are able to collect the VAT from their customers at least one month before having to pay it over to the Customs and Excise. Manufacturers generally have to wait two or three months before receiving payment for their sales including the VAT element, and thus do not receive the same cash flow advantage as retailers. Both these factors would appear to tend to favour retailers as against manufacturers.

To put all businesses on an equal footing I would suggest that the appropriate fraction of U.K. trade debtors (normally 8/100ths) be allowed as a deduction from VAT output tax. This would give a welcome boost of £8,000 to the cash flow of the manufacturing firm with trade debtors of, say, £108,000, at the same time giving effective bad debt relief as no output VAT would be paid until it was collected. It is interesting to contrast the thinking of the Customs and Excise which suggests that relief be given in the case of formal insolvency only, with the more practical Inland Revenue which accepts an auditors' certificate. Does Customs and Excise really want to provoke the sudden upsurge in liquidations and consequent loss of jobs that would arise when credit controllers realised that such action was necessary against alling customers in order to salvage, say, £800 out of a £10,000 debt. Robert J. Howes, 7, Claremont, 16, St. Johns Avenue, Putney, S.W.15.

## Naught for the Revenue

From Mr. K. King. Sir, Mr. Langdon (December 5) exactly pinpoints the misunderstanding of replacement cost principles to which I referred on November 22. You cannot fund inflation from reserves, ignoring the gymnastics, take a simple exercise. A man has £20,000 capital. He buys premises for £10,000, fittings for £5,000 and 5,000 items of stock with the remaining £5,000—then starts trading without a penny in his pocket. He must sell his stock for sufficient cash to replace all the 5,000 items plus a surplus for his running expenses and himself. The original stock is no more "worth" anything than the shop and fittings. Although an essential part of his business, its value is nil until an offer is made for it. The real problem though is the failure of the Inland Revenue to recognise the replacement cost principle, apart from tax deferral on stock appreciation. On my original figures: stock costing £5 to sell at £7 to allow for replacement at £8 and £1 profit; the taxpayer wants roughly

half the difference between historic cost and selling price. That is, the whole of the real profit. On a bigger scale, the published accounts of one large company show a historical profit of £97m and a tax liability of £50m. If the current cost of the figures become £12m and £8m. So, if the IR does not recognise replacement cost accounting, the company cannot survive, with a £12m. true profit and £50m. taxes. But if the principle is accepted, the company's tax liability drops to the £8m. level when it cannot manage more than the £30m. level of taxation? But when prices start falling and goods can be sold at cost—(Cost £7, selling price £7, replacement cost £8; true profit £1), hugging the historic cost retailers will not bring in the Inland Revenue anything at all. K. C. King, 1, Sleep Close, Orpington.

## Unmanageable corporations

From the Chairman, British Legal Association. Sir, The majority in the House of Commons were right to demand a full public inquiry over the Crown Agents affair. The Government must not be allowed to ignore this all too rare exercise of the power of rank and file MPs on all sides. It is the unmanageable size of the Crown Agents and its lack of accountability which is in large part responsible for what has occurred. Yet Mr. Jack Jones, giving the Dimpleby Lecture, happily envisaged larger and yet fewer corporations on the one side of industry and commerce with, on the other side, trade unions (larger, too?) employing the weapon of the closed shop—producing the same unmanageable nature and lack of accountability. It thus happens that the public will be caught in a vice between corporations and unions with, in the end, a totalitarian government controlling both sectors and us. S. P. Best, British Legal Association, 28, Chancery Road, Tunbridge Wells, Kent.

## Local authority housing

From Mr. R. Harris. Sir, Mr. Ron Bailey's and Mr. Joe Rogaly's (December 5) criticism of local government housing policies embolden me to express a view which I have held for some years, but have hesitated to make public until local government had settled down after the 1974 re-organisation. This is that the only satisfactory solution to the problem of homelessness is to transfer all council housing from the local authorities to the Department of Health and Social Security, whose whole raison d'être is to look after those in need. This should ensure that vacant council housing is allocated to those who most need it, instead of to those who have reached the top of a waiting list, but who already have reasonably satisfactory accommodation and are mainly interested in the subsidy. Nor would the DESS have the same interest as the local authorities in keeping houses empty to forward some grandiose civic development scheme. In addition, it would often be practicable to deduct the rent from social security payments, as those most in need of council housing will often be those drawing supplementary benefits. Besides, the Family Income Supplement, which would remove the danger of rent allowances being misspent on drink or tobacco or gambling, Robert Harris, 119, Eberstock Hill, N.W.2.

## Transfer tax

From Mr. J. English. Sir, Now that some of the euphoria has died down over Mr. Healey's proposal of October 26 that the lower threshold for capital transfer tax be raised from £15,000 to £25,000, perhaps we could look at just how savagely this tax is now biting. An increase of £10,000 from fifteen to twenty-five, or by 66 per cent, sounds generous — until one remembers that the Retail Price Index (the generally accepted measure of inflation) went up between March 1974 and March 1975 by 61.8 per cent, and October 1977, by 81.8 per cent. All that Mr. Healey has really done is to let back out of the net a lot of the little tiddlers who have crept in over the past three years.

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## To-day's Events

- December 16.
- Venezuelan stamps exhibition, Gibbons Gallery, 399, Strand, W.C.2 (until December 23).
- Science Exhibition, Science Museum, Exhibition Road, S.W.7 (until January 31).
- OPERA: English National Opera production of Il Trovatore, Coliseum Theatre, W.C.2, 7.30 p.m.
- BALLET: Royal Ballet dance The Taming of the Shrew, Covent Garden, W.C.2, 7.30 p.m.
- MUSIC: University of London Choir recital, St. Paul's Cathedral, Arts, Piccadilly, W.1 (until steps, 1.15 p.m.).
- Arts-Norse carols, St. Olave, Hart Street, E.C.3, 7 p.m.
- Concert of Christmas Music by Ernest Read Symphony Orchestra and E.M.R., Royal Festival Hall, S.E.1, 8 p.m.
- Concert Wren Orchestra, conductor Howard Snel, soloist Barry Tuckwell (horn), perform Haydn (Symphony No. 85 in C minor); Strauss (Horn Concerto No. 1); Delius (Two Aquaroles); and Brahms (Serenade No. 1 in D), Queen Elizabeth Hall, S.E.1, 7.45 p.m.
- SPORT: Ediminton: National championships, Coventry, South; British women's finals, Northampton; Tennis: Braemar Cup, Crystal Palace.

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COMPANY NEWS + COMMENT

GUS reaches £53m. at six months stage

AFTER A higher depreciation charge of £5.47m, against £4.54m, Great Universal Stores attained a jump in taxable profit of £5.95m to £53.03m for the half-year to September 30, 1977. Provisions for unearned profit, service charges and collection costs were £10.87m, compared with £8.75m at March 31 year end.

HIGHLIGHTS

Half-time profits at J. Lyons are a nearly £2m higher after six months, but the company is taking a cautious view of the year as a whole. Great Universal Stores is some 15 per cent ahead at the half-way stage with the gain mainly concentrated on the U.K. retailing interests while some of the overseas operations have been facing unfavourable conditions.

After tax of £202,286 (£180,455) stated half-year earnings are 2.72p (2.17p) per 10p share. The interim dividend is stepped up from 1.45p to 1.65p net, absorbing £45,321 (£41,113) after waivers by Mr. D. O. McIntyre, chairman, amounting to £4,468 (£6,673)—last year's final was 2.72p.

LMS £1.4m. up; growth to continue

WITH ALL major trading divisions showing increased profits, the pre-tax surplus of London Merchant Securities rose £1.39m to £1.4m for the six months to September 30, 1977.

And directors expect the improvement in profitability will be maintained in the second half. Total taxable profit last year was £8.07m. Order books are now substantially higher than at the beginning of the year, they say.

Bearing in mind that London Merchant Securities' main trading subsidiaries reported some weeks ago there was a surprise in the £2.0m announcement of a 32 per cent increase in profits by the parent. Both Carlton (lead batteries) and Inver Gordon (whisky) have shown significant increases in profits.

Profits from property are higher though the rising trend is described as gradual with rent reviews and some letting likely to have more impact on the second half rather than the first.

Interest charges are 16 per cent lower, and borrowings could be substantially down by the year end compared with a net figure of over £50m at the end of 1976-77.

For a prospective p/e of around 10, this is a line through the interim charge. The full year dividend might be raised to 2.5p gross per share, indicating a yield of 3.4 per cent at 75p.

Meantime rumours abound as to the possibilities of a takeover (Inver Gordon is currently the favourite) but there have been these sort of rumours on and off for the past couple of years.

GEORGE STURIA In connection with the rights details from George Sturia given on Wednesday it was incorrectly reported that the company had a net figure of £52.00m. This figure should have been £188,000.

WITH THE increased business and lower second-half interest rates of the credit finance division, Lombard North Central, finance house subsidiary of National Westminster Bank, increased from £2.48m to £3.73m for the half-year to September 30, 1977.

The directors say that interest rates remain at or near present levels a further increase in profitability can be expected over the next 12 months.

New instalment credit and leasing business in the U.K. increased substantially with a significant proportion coming from industrial finance, they add.

The quality of business resulted in an extremely high level of arrears while a more active property market facilitated a satisfactory reduction in advances to the industrial, commercial and residential property sectors.

At half-way, after a period of abnormally high interest rates, pre-tax profit was down from £4.03m to £2.28m, but Lord Crawford and Balcanal, chairman, then said that prospects for the second half were encouraging with the considerably lower money costs and the amount of new business being underwritten in the U.K.

After tax of £4.57m (£5.62m) stated half-year earnings are 2.72p (2.17p) per 10p share. The interim dividend is stepped up from 1.45p to 1.65p net, absorbing £45,321 (£41,113) after waivers by Mr. D. O. McIntyre, chairman, amounting to £4,468 (£6,673)—last year's final was 2.72p.

The directors add that the group is in a continued process of reorganisation, not only to offset rising costs, but also to meet the needs in all areas reflecting its steady expansion both in the U.K. and overseas.

Additional factory space has been added and the investment in plant, machinery and tools has gone ahead at approximately the previous year's level.

DIVIDENDS ANNOUNCED

Table with columns: Company Name, Current payment, Date of payment, Date of reporting, Total for year, Total last year. Includes companies like ATV, Anglo-Transvaal, Baker Perkins, etc.

Dividends shown pence per share net except where otherwise stated. \*Equivalent after allowing for scrip issues. †On capital increased by rights and/or acquisition issues. ‡Additional 0.07p for 1976-77. §To reduce disparity with final. ¶Includes special non-recurring 6.5p. \*\*Additional 0.000392p for 1976-77. A South African cents throughout.

Midway fall at Intl. Timber

EXCLUDING THE results of Belgian investments, the majority of which were sold recently, International Timber Corporation showed a fall in taxable earnings of £0.35m to £0.6m for the half-year to September 30, 1977.

Sales were little changed at £66.25m (£65.17m). Reduced volume, due to much lower level of activity in markets served, particularly the construction industry, was compensated by higher prices largely because of the lower value of sterling.

Although there are signs that activity should improve in the building industry, it is not expected to be very apparent in the second half. The company is in excellent shape to benefit when the improvement occurs, Mr. R. E. Groves, the chairman, says.

Stated earnings per 25p stock unit was lower at 10.8p (12.9p) or 8.7p (10p) fully diluted, and the net interim dividend is raised from 2.5p to 2.75p. Last year a total of 6.5p was paid from profit of £6.51m.

External sales 1977 1976 1975 1974 1973 1972 1971 1970 1969 1968 1967 1966 1965 1964 1963 1962 1961 1960 1959 1958 1957 1956 1955 1954 1953 1952 1951 1950 1949 1948 1947 1946 1945 1944 1943 1942 1941 1940 1939 1938 1937 1936 1935 1934 1933 1932 1931 1930 1929 1928 1927 1926 1925 1924 1923 1922 1921 1920 1919 1918 1917 1916 1915 1914 1913 1912 1911 1910 1909 1908 1907 1906 1905 1904 1903 1902 1901 1900 1899 1898 1897 1896 1895 1894 1893 1892 1891 1890 1889 1888 1887 1886 1885 1884 1883 1882 1881 1880 1879 1878 1877 1876 1875 1874 1873 1872 1871 1870 1869 1868 1867 1866 1865 1864 1863 1862 1861 1860 1859 1858 1857 1856 1855 1854 1853 1852 1851 1850 1849 1848 1847 1846 1845 1844 1843 1842 1841 1840 1839 1838 1837 1836 1835 1834 1833 1832 1831 1830 1829 1828 1827 1826 1825 1824 1823 1822 1821 1820 1819 1818 1817 1816 1815 1814 1813 1812 1811 1810 1809 1808 1807 1806 1805 1804 1803 1802 1801 1800 1799 1798 1797 1796 1795 1794 1793 1792 1791 1790 1789 1788 1787 1786 1785 1784 1783 1782 1781 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net profit improved from £3.91m to £5.11m.

A profit of £10,000 on realisation of properties less a £54,000 provision for the diminished value of Australian freeholds, resulted in an extraordinary gain of £238,000 (loss £409,000).

The ordinary dividend is unchanged at £1.25m while the group profit carried to reserve more than doubled from £2.01m to £4.86m.

Results from subsidiaries improved during the year despite difficult economic conditions in Australia and New Zealand both Lombard Australia and Lombard New Zealand increased their contributions.

Lombard Bank Malta made a very satisfactory profit relative to its size while an improved commercial atmosphere enabled more normal and profitable business to be resumed in Cyprus.

Devaluation of the Australian and New Zealand currencies late in 1976 and exchange movements during 1977 resulted in a charge to group reserves of £7.97m for unrealised exchange losses on investment in and loans to overseas subsidiaries but this was less than the £10.5m, previously estimated, the directors state.

“W” RIBBONS The rights issue by “W” Ribbons Holdings has been taken up as to 98.88 per cent. The balance has been sold at a premium and the net proceeds will be distributed to entitled shareholders.

ONLY 15 per cent at most of the Commercial Union's £8m one-for-six rights issue is likely to be left with the underwriters to place on the market when the acceptance and payment becomes due at 3 p.m. to-day, according to one of the banks underwriting the issue.

Most of the CU's institutional shareholders (who hold over 80 per cent of the equity) will be returning their provisional allotment letters to-day.

So after initial worries in the market that the CU had not clearly explained the logic behind the cash call, and that the offer price had been pitched at the wrong level to ensure success, all seems to be going according to plan.

After falling at one point last week to 100p, the offer price (the shares have since attracted strong support. Yesterday CU's shares closed at 141p (up 1p).

Broking chief hits at Stock Exchange

Mr. Ralph Vickers, chairman of stockbrokers Vickers de Costa, today launches an attack





BIDS AND DEALS

Chieftain's proposals for Second Broadmount

AN ambitious attempt to boost its funds under management. Chieftain Trust Managers has presented the proposals for the second Broadmount Trust...

With assets of just under £4m, Second Broadmount would boast 100 per cent of the shares...

W. Lawrence sells Econa interest. Walter Lawrence, the building property development group...

W. THORPE (Manufacturers of Thorlux Safety Lighting Equipment)

PROFIT INCREASE. The following are extracts from the circulated statement of Chieftain Mr. K. C. Brange...

COMPANY ANNOUNCEMENT. LONDON TIN/NEW TRADEWINDS GROUP. Arising from the re-organisation of the New Tradewinds Group...

BLACK DIAMONDS PENSIONS LIMITED. Offer for the Ordinary Shares of THE BRITISH INVESTMENT TRUST LIMITED. The offer closes at 3 p.m. on Monday, 12th December, 1977.

THIS STATEMENT HAS BEEN ISSUED BY S. G. WERBURG & CO. LTD. ON BEHALF OF BLACK DIAMONDS PENSIONS LIMITED. The Board of Black Diamonds Pensions Limited has taken all reasonable care to ensure that the facts stated and opinions expressed here are fair and accurate and all the Directors jointly and severally accept responsibility accordingly.

HISWICK W4. Prestige Modern Office Building. Superb Location for West End and London Airport. LET in units from approx. 4,000-26,000 sq. ft. Immediate Occupation. Henry Davis & Co. Knight Frank & Rutley.

MINING NEWS

Cheap metals: time is running out

AT A TIME of a world recession in metal markets where, in the cases of nickel and copper, unsold stocks are high and current price levels are too low to justify new mining operations...

BRIT. DREDGING. British Dredging has sold its 73.3 per cent stake in Pauls Federated Merchants to Tactoforest, a wholly-owned subsidiary of Primrose Holdings...

CLARK/WINTOUR. A. A. Clark has increased by 13p to 90p per share cash its offer to take over Wintour Holdings, the vehicle hire group...

Spinks original bidder drops out. Spink and Son, the international fine art and coin dealers, has frustrated the City with an announcement that bid talks with an unnamed party...

Pancontinental spells out Jabiluka benefits. EXPECT REVENUES of \$43.4m. fairly close relationship between the spot- and long-term contract prices...

28.9% OF BIT CONTROLLED. The National Coal Board Pension Funds stopped buying the shares of the U.S. coal producer yesterday, with 28.9 per cent of the company under their control...

HAMBROS SALE IN AUSTRALIA. The Hambros group is continuing the tidying up operation of its Australian activities.

NO PROBES. Mr. Roy Hattersley, Secretary of State for Prices and Consumer Protection, has decided not to refer the following mergers to the Monopolies and Mergers Commission...

LEISURE & GENL. Shareholders in Leisure and General Holdings will be sent full details of the new share scheme to try to attract the Board's view, they should reject the takeover bid from Ladbroke Group...

SHARE STAKES. Edinburgh and Dundee Investment Company on December 4, British Rail Pension Funds acquired 135,000 Ordinary shares at 188p and a further 92,000 Ordinary shares at 159p.

BANK RETURN. Wednesday Dec. 7 1977. Inc. 44 of Dec. 7 for week.

SHARE STAKES. Edinburgh and Dundee Investment Company on December 4, British Rail Pension Funds acquired 135,000 Ordinary shares at 188p and a further 92,000 Ordinary shares at 159p.

STERLING INDUSTRIES LIMITED. The Board has declared an interim dividend of 0.35p per ordinary share of 25p (gross equivalent 0.5303p) in respect of the year ending 31st March 1978 (1977-0.25p-gross equivalent 0.3846p).

AGAINST a background of declining profits and the dividend warning given earlier this year, the Anglo Transvaal group's antimony producing Consolidated Murchison has cut its final dividend to only 10 cents (10p). This makes a year's total of 30 cents compared with 140 cents for 1976.

UNAUDITED ESTIMATED GROUP PROFIT STATEMENT FOR THE SIX MONTHS ENDED 30th SEPTEMBER 1977. Table with columns for 6 months, 6 months, Year to date and rows for Turnover, Trading Profit, etc.

Murchison cuts final to 10c. AGAINST a background of declining profits and the dividend warning given earlier this year, the Anglo Transvaal group's antimony producing Consolidated Murchison has cut its final dividend to only 10 cents (10p).

FALCONBRIDGE CUTS BACK. The Canadian nickel producer, Falconbridge, is to lay off 150 employees at Sudbury, Ontario, as production is cut back in response to the depressed international market.

Trafford Carpets ahead - bid talks off. Although turnover declined from 68125p to 1p net per 25p profit of Trafford Carpets (Holdings) increased from 11,500 to 12,500 in the September 30, 1977 six months.

Globe Investment Trust LIMITED. Interim Report for the six months ended 30th September, 1977. Merger. Under a Scheme of Arrangement and Amalgamation dated 20th July, 1977, Globe Investment Trust Limited ("Globe") was merged with Cable Trust Limited ("Cable").

Group Earnings. The unaudited consolidated revenue and earnings of Globe, Cable and the new subsidiaries for the six months ended 30th September, 1977 were:

Interim dividends in respect of current financial period. On 8th September, 1977 Globe paid an interim dividend of 2.6p per stock unit (£2.463,069) which Cable received (£501,561) and on the same date Cable paid a special interim dividend of 3.64p per stock unit (£2,879,357) of which Globe received (£950,164).

Final dividend in respect of current financial period. The Directors of Globe, as stated in the Scheme document, are confident that they will be in a position to recommend the payment in July, 1978 of a final dividend of at least 1.5p per unit on the increased ordinary share capital of Globe in respect of the year ending 31st March, 1978.

Investments and Net Assets. The following unaudited figures as at 30th September, 1977 relate to the merged Globe Group. Investments at middle market price or valuation: £257,244,000. Net assets attributable to Globe Ordinary Stockholders: £235,681,000.

Net Consolidated Assets per Stock Unit. Net assets per stock unit of the merged Globe Group at 30th September, 1977 and comparative figures of net assets per stock unit of the Globe Group as at 31st March, 1977 calculated on the basis that the merger had taken place on 31st March, 1977 were:

AN ELECTRA HOUSE COMPANY. Logo and company name.

# INTERNATIONAL FINANCIAL AND COMPANY NEWS

## GERMAN COMPANIES

### Row over WLB's London move

By Adrian Dick

BONN, Dec. 8. WESTDEUTSCHE LANDESBANK Girozentrale, West Germany's third biggest banking group and a major force in the ERM, has suddenly found itself in the midst of an embarrassing political squabble because of its recent purchase of a £5.5m. site in Moorgate for its new London office.

In what is thought to be an unprecedented move, the WLB's most influential shareholder, the State Government of North Rhine-Westphalia, delivered an unannounced rebuke to the bank and to its chief executive, Herr Ludwig Poullain, in the form of a public statement at the end of a Cabinet meeting yesterday.

The State Government demanded a revision of WLB's statutes so as to give it a greater share in the voting capital than the one-third it now holds. This, it said, was justified by the greater political accountability and legal liability it bears, compared to the other shareholders, the associations of savings banks and of local and regional authorities in the State, who also hold one-third of the shares each.

More pointedly, the State Government said that as the principal guarantor of the WLB, it had a right to exercise greater control over the bank's overseas business than it had done hitherto. Without specifically complaining of any aspect of the WLB management that it disapproved of, aside from the Moorgate purchase, spokesmen of the North Rhine-Westphalia Cabinet referred in general terms to the problems of the Hessische Landesbank (Heslaba), which collapsed with debts of some DM3bn. last year.

In a brief statement of its own today, the WLB pointed out that the review committee of its administrative council (on which all three groups of shareholders are represented) had carried out numerous examinations of the organisation, management and control of the bank's foreign business this year, and had found everything in order. There were no special risks in the WLB's foreign business.

Privately, WLB executives are hurt and annoyed at what they judge to be an unjustified and unjustified political interference. Herr Poullain himself, who is understood to have been closely involved in the decision to buy the Moorgate site for WLB's London expansion, has made no personal comment on the affair.

Today's statement from the bank's management forecast an increase of 11 per cent in the balance sheet total, which would bring it to over DM75bn., and a pre-tax profit of DM300m.

According to the Zurich Stock Exchange Association, Dow Chemical Company will on March 15, 1978, be redeeming prematurely a 5 1/2 per cent loan issued in 1967, and maturing in 1978. Another American company, Burroughs Europe-Africa, will be redeeming prematurely a loan it issued in 1968, also on March 15 next year.

### Metallgesellschaft to hold cash dividend

By GUY HAWTIN

METALLGESELLSCHAFT (MG), the Frankfurt-based metals, engineering and transport concern, is in the uncomfortable position of doing much of its business in sterling and dollars, while accounting in D-marks. Not only does it have to cope with the fluctuations in the metal markets, but it also has to keep a close eye on the troubled foreign exchanges.

Bearing this in mind its 1976-77 business year, which ended on September 30, could not have been a particularly easy one. However, shareholders were told today that the executive Board's aim was to maintain the cash dividend and at the same time to strengthen the group's reserves. The final division of the spoils will not be decided upon until the supervisory Board meeting on March 15 next year.

Herr Karl Gustav Ruten, Metallgesellschaft's chief executive, described the concern's 1976-77 performance as being "somewhat better than in the previous year". Disposable profits were higher, after the marked proportion of 1975-76 earnings which were absorbed by extraordinary expenditure.

The business year was a difficult one for the group's metal operations because of the continued weakness of the zinc market. As a result earnings from this sector were considerably reduced. Losses in the metal processing sector had been further reduced and, although there had been large differences in performance from area to area, breakeven had been reached. Good earnings figures had been reported from the plant construction sector, as well as MG's chemicals and transport operations.

Therefore, MG, unlike so many other West German concerns, appears to have lived up to the forecasts made earlier in 1977 when it announced it was expecting higher operating profits. In 1975-76 net profits fell from

DM25.1m. the previous year to DM18.3m., but earnings per share rose from DM8.70 to DM14.10.

In early April Dr. Jakobus MG also benefited from the continued high demand for the motor industry's products and deliveries to the motor manufacturers showed a marked increase.

Capital investment during the year totalled DM161m.—only a little more than the depreciation figure. However, during the current year some DM 225m. is earmarked for investment of which some DM220m. will go to capital investment. Depreciation is planned at DM168m. The main investment target will be the processing sector which will absorb some 45.2 per cent of the total allocation. Some 17.5 per cent will go to the metals operation and 15.5 per cent to the chemicals sector. The transport operations will account for 13.1 per cent of investment.

TURNOVER			
1975-76	1976-77	%	
Domestic	2,699	3,913	+6
Overseas	2,452	2,952	+20
Total	6,151	6,865	+12

ance would be the development of the metal processing sector, particularly that of the zinc smelters. Here performance was severely squeezed, but, on the other hand, production capacity in the group's lead smelters was fully utilised as a result of high demand.

### Bayerische Vereinsbank

FINANCIAL TIMES REPORTER

Bayerische Vereinsbank (Bayverein), the Munich-based privately-owned bank, have risen by 15 per cent in the first ten months of this year, and shareholders could expect a "clearly higher" dividend, taking into account the tax credit implied under the new corporation tax law, Max Haack, the chairman of the management Board announced yesterday.

The dividend forecast will act as an encouragement to shareholders to respond to the bank's proposal, also disclosed yesterday, to raise DM315m. by a one-for-ten rights issue at DM180 a share, for the new shares would carry 10 per cent of the bank's share capital from Kr.122m. to Kr.132m.

Bayverein announced at the end of the last trading year that much of its growth in domestic business came from the mortgage sector. Profits from international business, however, showed an increase of 15 per cent over the year.

TURNOVER in 1976/77 rose by more than DM100m., much of which was generated in the group's metal trading activities. MG also benefited from the continued high demand for the motor industry's products and deliveries to the motor manufacturers showed a marked increase.

Capital investment during the year totalled DM161m.—only a little more than the depreciation figure. However, during the current year some DM 225m. is earmarked for investment of which some DM220m. will go to capital investment. Depreciation is planned at DM168m. The main investment target will be the processing sector which will absorb some 45.2 per cent of the total allocation. Some 17.5 per cent will go to the metals operation and 15.5 per cent to the chemicals sector. The transport operations will account for 13.1 per cent of investment.

### Upturn at United Breweries

By HILARY BARNES

COPENHAGEN, Dec. 8. UNITED Breweries, the Carlsberg-Tuborg Group, has improved its 1976-77 operating profit by Kr.2m. to Kr.174m., while the net profit after taxes increased from Kr.100m. to Kr.115m. An unchanged 12 per cent dividend will be paid.

The group said the result was satisfactory in view of the economic background in Denmark and other countries. In spite of the dampening in economic activity, which could be expected in Denmark and other countries in coming years, the group expects reasonably stable earnings, said the annual report.

This was partly a result of an increased marketing effort and partly because of a favourable development in some overseas markets. Group sales increased from Kr.4,000m. to Kr.5,150m., excluding taxes. Assets increased from Kr.3.3bn. to Kr.3.5bn., and equity capital from Kr.1.7bn. to Kr.1.9bn.

The group said that increased licence income and earnings by foreign breweries had contributed to a reduction in results for several Danish subsidiaries. The parent company's net earnings before tax, however, increased from Kr.122m. to Kr.132m.

Carlsberg Brewery Limited U.K. increased sales from £31.2m. to £36.3m. and earnings from £0.5m. to £1.3m., which was described as satisfactory. However, the final net result will show a loss of £0.3m., as the result of a foreign exchange loss on a loan repayment to the parent company.

The report noted that sales of beer brewed outside Denmark for the first time exceeded beer sold in Denmark. Sales of foreign-brewed beer totalled 4.3m. hectolitres, and Danish sales, 4.55 hectolitres, including exports increased by 13 per cent. Danish sales were the lowest since 1971-72. There was a 33 per cent increase in sales of beer brewed abroad, while exports from Denmark fell from 2.0m. hectolitres to 1.8m. hectolitres.

### SIR affair may curb banks' lending

By Paul Setts

ROME, Dec. 8. JUDICIAL INQUIRIES into allegations over the misdirection of funds by some leading Italian banking and credit institutions could seriously weaken the entire Italian banking system at a crucial time, when it is being pressed to bail out a number of key financially troubled industrial sectors.

This in essence is the warning given by the Italian Treasury Minister, Sr. Gaetano Stambelli, in the wake of congressional allegations that Italy's third largest chemical group, SIR, made improper use of low interest rate State subsidised credit.

Sr. Francesco Piga, chairman of ICIEP, one of Italy's major State medium-term credit agencies, who together with the chairman of the country's leading medium-term credit agency, Sr. Antonio Cappon, are now under judicial investigation in connection with the SIR affair, has indicated that special credit institutes have been bound by subsidised credit policies, not to make by their own choice, but by government policies aimed at promoting the industrialisation of the depressed south of the country.

SIR together with the two credit institutes have denied the allegations.

But the latest events, given ample and sensational coverage in the Italian Press, have clearly put the credit agencies on a defensive footing and the SIR affair is seemingly already having its first repercussions.

ICIEP, in effect, is now reported to be re-examining the credits it granted to another troubled Italian chemical group, Liquigas, and is threatening to take legal steps to recover systems due to it.

The dismantling of the State mineral agency, Egan, and proposals to make the banking system partially responsible for the financial collapse of the concern by obliging them to write off a portion of the mineral agency's debts, has also put the banks on a general state of alarm.

The latest events are now likely to make the banks even more reluctant to advance urgently-needed new credits subsidised or otherwise, to a number of sectors, and financially indebted sectors, like chemicals, fibres and steel.

## THE BIS MEETING

### Central banks to discuss the 'Burns checklist'

By MARY CAMPBELL

ALONG-subjects which will be discussed at the meeting of central bankers in Basle this week-end are plans for helping commercial banks in their international lending activities. In particular discussion is expected on what has become known as the "Burns checklist."

Named after Arthur Burns, head of the Federal Reserve, who has particularly put his weight behind the development of thinking on the subject, the checklist comprises a list of questions which it is thought commercial bankers should put to countries which borrow from them on the international markets.

Central bank thinking on the subject has by no means crystallised and decisions are not expected at the week-end meeting if only because Dr. Burns himself will not be present. However, one point which is already clear is that the list will not be made mandatory. It would be the idea of the checklist first came up last spring. In the autumn the Bank for International Settlements (BIS) talked with commercial banks in a number of major financial centres on the basis of a draft

checklist which it had drawn up for discussion purposes. It seems that not only were the discussions extremely fruitful as far as the development of thinking on the checklist itself was concerned, but that it resulted in a number of other ideas being added on how the authorities could help commercial banks in their international lending activities.

One point which reportedly came out of the talks was that the checklist would be aimed at the medium sized and smaller banks rather than the large banks. These already tend to ask the questions which would be set out in the list.

If given the sanction of the central banks of the Group of Ten countries, however, the existence of a checklist would certainly help commercial banks in their negotiations with borrowers.

Exactly how the checklist would be implemented—if and when a decision is taken—is not clear. One suggestion is that it would be included in the annual reports of the BIS. Another is that it would be included in the annual reports of the BIS. Another is that it would be included in the annual reports of the BIS.

At regular intervals during the lifetime of loans. Meanwhile the go-ahead has been given for the BIS to carry out last December on a pilot basis—collecting details of the practices of major international banks' lending to entities in each country, in effect the exercise gives some idea of the maturity structure of each country's foreign commercial bank debt. The exercise will from now on be carried out every six months.

The coverage is expected to be gradually improved from year to year. In future, the details are expected to be published.

Among the further ideas which have been raised as a result of discussions on the checklist is the possibility of integrating the various country debt figures which are collected independently by institutions like the World Bank and the BIS. Another is the establishment of an international market for what is known in Europe as a "Centre des Risques"—a data base, containing details of all loans to any single borrower, which all new loans are expected to be reported.

### Gen. Occidentale optimistic

By DAVID CURRY

AN ANNUAL increase of 30 per cent in dividends and a rather more circumspect attitude to growth through acquisitions has been promised to shareholders in Generale Occidentale by Sir James Goldsmith, the chairman and chief shareholder in the French company which shelters his food-based group.

The current financial year—dubbed "transitional" by Sir James—should be good on the whole, despite a poor economic climate in the U.S., Sweden and

Spain and the problems caused by monetary disturbances, he told a meeting of French financial analysts.

The five-year investment plan of slightly more than Frs. 2bn. begun in the last financial year, was intended to assure continued growth mainly by way of the launch of new products, the building of new factories and the opening of shops.

"However, we do not exclude all further acquisition," declared Sir James. "But this must fulfil the three criteria of being to a branch of activity we know how

to manage; in a country we understand—industrialised, not exotic; and generate rather than phantom profits."

True to the policy of general Occidentale's management, Sir James declared that he intended to dispose of the remaining 50 per cent stake in Argyle Securities, and the 31.2 per cent holding in Southland McCall, non-food activities of the bank-owned U.S. subsidiary, which would also be bled

## EUROBONDS

### Sterling issues steady

By MARY CAMPBELL

THE STERLING Eurobond market has staged a further recovery yesterday. Closing prices for the three most recently issued issues were as follows: About 95 1/2 in the case of Courtaulds (up by a point from Wednesday's close and 1 1/2 points from the lowest quotation); 96 1/2 in the case of the European Investment Bank (up three-quarters of a point above Wednesday's close and a point above the lowest quotation); and about 97 1/8 in the case of Fisons (unchanged from Wednesday's close and about half a point up on the lowest quotation).

As a result of yesterday's price movements (and to some extent also later trading on Wednesday), all three issues are now 8 1/2 per cent coupon, standing at about the same discount from their offering price—about three points on the bid bank.

## ECSC floats Swiss loan

By John Wicks

ZURICH, Dec. 8. THE EUROPEAN Coal and Steel Community (ECSC) is to float a loan of 200 million Swiss francs on the capital market. The offering, whose proceeds are to go towards the financing of steel investments in the ECSC countries, will have a 4 per cent coupon and be valid at par. Bonds of the ECSC's seventh in Switzerland will be listed on the Stock Exchanges of Zurich, Bern, Geneva, Lausanne and Basel. Repayment will be within years.

The 4 1/2 per cent loan, Sw.Frs.200m., floated by the Danish Co-op on the Swiss market from December 2 to 7, with a 15-year maturity, was covered by subscriptions, owing to consortium lead by Credit Suisse.

### SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	8 1/2	OFFER	8 1/2	OFFER
Alcoa Australia 5 1/2pc 1979	84	100	Michelin 5 1/2pc 1987	80
Alcoa Australia 5 1/2pc 1980	84	100	Montreal 5 1/2pc 1988	80
Alcoa Australia 5 1/2pc 1981	84	100	New York 5 1/2pc 1988	80
Alcoa Australia 5 1/2pc 1982	84	100	New York 5 1/2pc 1989	80
Alcoa Australia 5 1/2pc 1983	84	100	New York 5 1/2pc 1990	80
Alcoa Australia 5 1/2pc 1984	84	100	New York 5 1/2pc 1991	80
Alcoa Australia 5 1/2pc 1985	84	100	New York 5 1/2pc 1992	80
Alcoa Australia 5 1/2pc 1986	84	100	New York 5 1/2pc 1993	80
Alcoa Australia 5 1/2pc 1987	84	100	New York 5 1/2pc 1994	80
Alcoa Australia 5 1/2pc 1988	84	100	New York 5 1/2pc 1995	80
Alcoa Australia 5 1/2pc 1989	84	100	New York 5 1/2pc 1996	80
Alcoa Australia 5 1/2pc 1990	84	100	New York 5 1/2pc 1997	80
Alcoa Australia 5 1/2pc 1991	84	100	New York 5 1/2pc 1998	80
Alcoa Australia 5 1/2pc 1992	84	100	New York 5 1/2pc 1999	80
Alcoa Australia 5 1/2pc 1993	84	100	New York 5 1/2pc 2000	80
Alcoa Australia 5 1/2pc 1994	84	100	New York 5 1/2pc 2001	80
Alcoa Australia 5 1/2pc 1995	84	100	New York 5 1/2pc 2002	80
Alcoa Australia 5 1/2pc 1996	84	100	New York 5 1/2pc 2003	80
Alcoa Australia 5 1/2pc 1997	84	100	New York 5 1/2pc 2004	80
Alcoa Australia 5 1/2pc 1998	84	100	New York 5 1/2pc 2005	80
Alcoa Australia 5 1/2pc 1999	84	100	New York 5 1/2pc 2006	80
Alcoa Australia 5 1/2pc 2000	84	100	New York 5 1/2pc 2007	80
Alcoa Australia 5 1/2pc 2001	84	100	New York 5 1/2pc 2008	80
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Alcoa Australia 5 1/2pc 2003	84	100	New York 5 1/2pc 2010	80
Alcoa Australia 5 1/2pc 2004	84	100	New York 5 1/2pc 2011	80
Alcoa Australia 5 1/2pc 2005	84	100	New York 5 1/2pc 2012	80
Alcoa Australia 5 1/2pc 2006	84	100	New York 5 1/2pc 2013	80
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Alcoa Australia 5 1/2pc 2008	84	100	New York 5 1/2pc 2015	80
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Alcoa Australia 5 1/2pc 2011	84	100	New York 5 1/2pc 2018	80
Alcoa Australia 5 1/2pc 2012	84	100	New York 5 1/2pc 2019	80
Alcoa Australia 5 1/2pc 2013	84	100	New York 5 1/2pc 2020	80
Alcoa Australia 5 1/2pc 2014	84	100	New York 5 1/2pc 2021	80
Alcoa Australia 5 1/2pc 2015	84	100	New York 5 1/2pc 2022	80
Alcoa Australia 5 1/2pc 2016	84	100	New York 5 1/2pc 2023	80
Alcoa Australia 5 1/2pc 2017	84	100	New York 5 1/2pc 2024	80
Alcoa Australia 5 1/2pc 2018	84	100	New York 5 1/2pc 2025	80
Alcoa Australia 5 1/2pc 2019	84	100	New York 5 1/2pc 2026	80
Alcoa Australia 5 1/2pc 2020	84	100	New York 5 1/2pc 2027	80
Alcoa Australia 5 1/2pc 2021	84	100	New York 5 1/2pc 2028	80
Alcoa Australia 5 1/2pc 2022	84	100	New York 5 1/2pc 2029	80
Alcoa Australia 5 1/2pc 2023	84	100	New York 5 1/2pc 2030	80
Alcoa Australia 5 1/2pc 2024	84	100	New York 5 1/2pc 2031	80
Alcoa Australia 5 1/2pc 2025	84	100	New York 5 1/2pc 2032	80
Alcoa Australia 5 1/2pc 2026	84	100	New York 5 1/2pc 2033	80
Alcoa Australia 5 1/2pc 2027	84	100	New York 5 1/2pc 2034	80
Alcoa Australia 5 1/2pc 2028	84	100	New York 5 1/2pc 2035	80
Alcoa Australia 5 1/2pc 2029	84	100	New York 5 1/2pc 2036	80
Alcoa Australia 5 1/2pc 2030	84	100	New York 5 1/2pc 2037	80
Alcoa Australia 5 1/2pc 2031	84	100	New York 5 1/2pc 2038	80
Alcoa Australia 5 1/2pc 2032	84	100	New York 5 1/2pc 2039	80
Alcoa Australia 5 1/2pc 2033	84	100	New York 5 1/2pc 2040	80
Alcoa Australia 5 1/2pc 2034	84	100	New York 5 1/2pc 2041	80
Alcoa Australia 5 1/2pc 2035	84	100	New York 5 1/2pc 2042	80
Alcoa Australia 5 1/2pc 2036	84	100	New York 5 1/2pc 2043	80
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Alcoa Australia 5 1/2pc 2039	84	100	New York 5 1/2pc 2046	80
Alcoa Australia 5 1/2pc 2040	84	100	New York 5 1/2pc 2047	80
Alcoa Australia 5 1/2pc 2041	84	100	New York 5 1/2pc 2048	80
Alcoa Australia 5 1/2pc 2042	84	100	New York 5 1/2pc 2049	80
Alcoa Australia 5 1/2pc 2043	84	100	New York 5 1/2pc 2050	80
Alcoa Australia 5 1/2pc 2044	84	100	New York 5 1/2pc 2051	80
Alcoa Australia 5 1/2pc 2045	84	100	New York 5 1/2pc 2052	80
Alcoa Australia 5 1/2pc 2046	84	100	New York 5 1/2pc 2053	80
Alcoa Australia 5 1/2pc 2047	84	100	New York 5 1/2pc 2054	80
Alcoa Australia 5 1/2pc 2048	84	100	New York 5 1/2pc 2055	80
Alcoa Australia 5 1/2pc 2049	84	100	New York 5 1/2pc 2056	80
Alcoa Australia 5 1/2pc 2050	84	100	New York 5 1/2pc 2057	80
Alcoa Australia 5 1/2pc 2051	84	100	New York 5 1/2pc 2058	80
Alcoa Australia 5 1/2pc 2052	84	100	New York 5 1/2pc 2059	80
Alcoa Australia 5 1/2pc 2053	84	100	New York 5 1/2pc 2060	80
Alcoa Australia 5 1/2pc 2054	84	100	New York 5 1/2pc 2061	80
Alcoa Australia 5 1/2pc 2055	84	100	New York 5 1/2pc 2062	80
Alcoa Australia 5 1/2pc 2056	84	100	New York 5 1/2pc 2063	80
Alcoa Australia 5 1/2pc 2057	84	100	New York 5 1/2pc 2064	80
Alcoa Australia 5 1/2pc 2058	84	100	New York 5 1/2pc 2065	80
Alcoa Australia 5 1/2pc 2059	84	100	New York 5 1/2pc 2066	80
Alcoa Australia 5 1/2pc 2060	84	100	New York 5 1/2pc 2067	80
Alcoa Australia 5 1/2pc 2061	84	100	New York 5 1/2pc 2068	80
Alcoa Australia 5 1/2pc 2062	84	100	New York 5 1/2pc 2069	80
Alcoa Australia 5 1/2pc 2063	84	100	New York 5 1/2pc 2070	80
Alcoa Australia 5 1/2pc 2064	84	100	New York 5 1/2pc 2071	80
Alcoa Australia 5 1/2pc 2065	84	100	New York 5 1/2pc 2072	80
Alcoa Australia 5 1/2pc 2066	84	100	New York 5 1/2pc 2073	80
Alcoa Australia 5 1/2pc 2067	84	100	New York 5 1/2pc 2074	80
Alcoa Australia 5 1/2pc 2068	84	100	New York 5 1/2pc 2075	80
Alcoa Australia 5 1/2pc 2069	84	100	New York 5 1/2	

INTERNATIONAL FINANCIAL AND COMPANY NEWS

JAPANESE NEWS

Government relaxes issue rules

BY DOUGLAS RAMSEY

JAPAN'S MINISTRY OF Finance has gradually relaxed rules on the issue of public yen placements in the Tokyo Bond market...

Singapore Airlines itself had a Eurobond issue last January for DM50m. In January, the Korean Development Bank breaks new ground as the first Korean borrower in the Yen-denominated market...

national bond issues in fiscal 1978 are expected to increase to at least ¥12 trillion. Such an increase will make it difficult for city banks to cover the large share of national bond underwritings allotted to them...

Lower profits predicted

BY DONALD MACLEAN

NET INCOME of 402 Japanese industrial companies will fall by 1.4 per cent in the six months to March, from their level in the half year to September...

The estimates now prepared by Nomura are based on the assumption of a continued uptrend in the yen, giving it an average for the current fiscal year of ¥232.2 to the dollar...

Myer's five year budget

BY JAMES FORTH

THE MYER Emporium, Australia's largest department store retailer, expects to double sales to about \$A2,000m over the next five years...

SYDNEY, Dec. 8. He was less optimistic about the short term. He said the sales increase to date in the current year was "less than planned"...

Sime Darby planning move to Far East

By Kevin Rafferty

BOMBAY, Dec. 8. TUN TAN SIEW SIN, the chairman of Sime Darby, said the company was drawing up plans to remove its registered office from London to South-East Asia...

JARDINE IN S. AFRICA

Prospects at Rennie's

BY RICHARD STUART IN JOHANNESBURG

RENNIE'S, THE 71 per cent owned South African subsidiary of Jardine Matheson, is facing a painful reassessment of its under-capitalised and several future directions...

investment in Rennie's was by cent and as high as 120 per cent when off balance sheet leaves are included. The aim 1980 reduce these ratios to 80 per cent and 100 per cent respectively by the end of 1978...

JARDINE MATHESON, has seen a heavy fall in the value of its investment in Rennie's and with a 50 per cent cut in Rennie's dividend in prospect...

fortunate opportunity to de-gear Rennie's, partly through the optimism of its local management and partly under pressure from Jardine to invest the cash to maintain growth momentum...

SOUTH AFRICAN COMPANIES

Dorman Long Vanderbijl gain

BY OUR OWN CORRESPONDENT

JOHANNESBURG, Dec. 8.

DORMAN LONG VANDERBIJL Corporation, the leading South African heavy engineering group, has managed to produce higher profits at the interim stage...

of over R1m on British Steel's holding. British Steel is do not anticipate it will affect its current dividend policy...

Rembrandt's half-year

BY OUR OWN CORRESPONDENT

JOHANNESBURG, Dec. 8.

FOR THE FIRST time in several years the interim profits reported by the secretive Stellenbosch-based Rembrandt group are directly comparable...

per cent, higher at 78 cents a share for the first half. The interim dividend has been raised one cent to 11 cents a share...

Amro Bank in London: have you put us to the test yet?

Amsterdam-Rotterdam Bank NV (Amro) is one of Holland's leading banks with total assets exceeding the equivalent of £12 billion.

In a remarkably short time we've also become firmly established in the heart of the City of London.

In fact, we've taken root so successfully that already leading British, as well as large international companies are making use of our services, both at home and overseas.

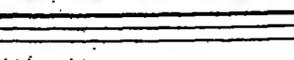
Why have these organisations chosen Amro in London? Because they know they can make use of our decades of experience as bankers to international companies operating in the Netherlands, the EEC and, indeed, all over the world.

Because they find our approach refreshing, lacking formality or red tape. Because we're so keen to handle their business that we put in that little bit of extra effort.

Whatever the reason, we're only too happy to be serving them. As we would be if you put us to the test.

In London we can offer you short and medium term lending services, export finance, foreign exchange, documentary credits and collections, and we are especially strong on exchange control advice and forms of trade promotion.

For a particularly enthusiastic and expert look at your problems just call us on 01-606 8833. You won't be disappointed.



amro bank amsterdam-rotterdam bank nv

22-30 King Street, London EC2 8EQ. Telephone: 01-606 8833 Telex: 857139

General Manager: Mr. M. Sinks, Assistant General Manager: Mr. D. W. Van Leeuwen

Magnum struggle resolved

By Wong Sulong

KUALA LUMPUR, Dec. 8.

THE POWER struggle in the boardroom of Magnum Corporation, the Malaysian lottery organisation, which ended the resignation of its chairman and chief executive and six other directors a fortnight ago, now appears to have been resolved through a compromise between the major shareholders.

Starikot Nominee: Bumiputra, a subsidiary of Bank Bumiputra, which is believed to have supported the former chairman, Datuk Khoo Kay Peng, has agreed to withdraw its demand for an Extraordinary General Meeting scheduled for today.

The meeting was intended to question the existing board of directors in Magnum about the company's 7.5m. Ringgit investment in the loss-making Malaysian Titanium Company, and also about the undisclosed interest in a company supplying raw materials to Malaysian Titanium.

The investments were made before Datuk Khoo and his group joined the Board. In return for the withdrawal of today's meeting, the existing directors, generally regarded as the "old guard," have agreed to the appointment of seven other directors, acceptable to Nominee Bumiputra, and leaders of the Malaysian Chinese Association, who hold a substantial interest in Magnum.

Among the new directors is Mr. Tan Koon Swan, who is expected to replace Datuk Khoo as the new chairman. Mr. Tan, who was behind the unsuccessful bid by Genting Highlands to block the merger of the three Harrisons and Crossfield plantations earlier this year, is now chairman of the mining and construction company Supreme Corporation.

Israeli banks announce link

By Kevin Rafferty

TEL AVIV, Dec. 8.

BANK HAPAZIM has acquired a 30 per cent interest in Bank Otzar Habayal, winning a tender for which the three major Israeli banks competed, it was announced today.

The merger contract provides for the ample expertise and experience of Bank Hapazim to be placed at the disposal of Bank Otzar Habayal which serves soldiers, war invalids, veterans, and workers of the industrial establishments of the defence forces.

In this context, the banking services of Otzar Habayal will be expanded and its clients will have access to the "Isracard" credit system of Bank Hapazim which covers hundreds of firms in Israel. They will also be free to cash cheques at any of the 283 branches of the Bank Hapazim group and enjoy all other facilities and amenities offered by the major banks.

Discuss st'

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ECSC bank Swiss loan

sta Rica

Term Loan

Pretabail-Sicomi a French property leasing company

Earnings for the financial year as at 31st December 1976 and for the six months up to 30th June 1977 after the merger of Pretabail-Sicomi with Cofipa-Sicomi and Batibail-Sicomi.

Earnings for the 1976 financial year. The Company's net profit amounted to 45.5 million (French) francs for the 1976 financial year.

It allowed the distribution of a dividend of francs 31.30 per share on 16th May 1977. (Francs 25.76 for the 1976 financial year.)

Financial position of the Company as at 30th June 1977. At that date and after the Company's merger with Cofipa-Sicomi and Batibail-Sicomi (both of them Sicomi and limited liability property-leasing companies), the net profit amounted to 37.7 million francs and new investments from the beginning of the year amounted to 75 million francs.

The annual net profit for the 1977 financial year should amount to about 75 million francs, allowing for a dividend of about 35/36 francs per share to be distributed in May or June 1978.



Pretabail-Sicomi Registered office: 24 rue Esclapart - 75016 Paris/France

KARUN AGRO-INDUSTRY INC. SHUSHTAR, IRAN As Borrower US \$50,000,000 Medium Term Loan Guaranteed By AGRICULTURAL DEVELOPMENT BANK OF IRAN And INDUSTRIAL AND MINING DEVELOPMENT BANK OF IRAN Provided Through THE FIRST NATIONAL BANK OF CHICAGO BANK MELLI IRAN, NEW YORK AGENCY DG BANK DEUTSCHE GENOSSENSCHAFTSBANK (CAYMAN ISLANDS BRANCH) GRINDLAYS BANK LIMITED THE NIPPON CREDIT BANK, LTD. UBAF BANK LIMITED WARDLEY MIDDLE EAST LIMITED (THE HONG KONG BANK GROUP) THE ARAB AND MORGAN GRENFELL FINANCE COMPANY LIMITED Arranged By FIRST CHICAGO LIMITED

APPOINTMENTS

Share Registration Manager

London

Our client is a large wholly-owned British group with a turnover approaching £500-million.

Due to internal re-organisation, a Share Registration Manager is required, responsible to the Controller of Administrative Services for the management of a Department dealing with over 80,000 stockholders.

Applications are invited from men or women with about 10 years' comprehensive background in share registration, using up to date methods including E.D.P. Although not essential, membership of a professional body would be an advantage. Anyone aged much under 35 is unlikely to have gained the experience looked for.

The salary indicator is up to £6,500 p.a. inclusive. Conditions of employment are attractive and include a pension scheme and assistance with re-location expenses, where appropriate.

Please write with full details. These will be forwarded direct to our client. List separately any companies to whom your application should not be sent. Ref. B.1738.

AGL CONFIDENTIAL RECRUITMENT 17 STRATTON STREET LONDON W1X 6DB A member of MSL Group International

Director

THE CENTRE FOR INTERNATIONAL BRIEFING FARNHAM CASTLE

to succeed the present Director shortly moving to another appointment.

• THE Centre is a well established national institution supported by Government, Commerce and Industry and, with its Christian foundation, the Churches. It provides some seventy residential briefing programmes a year, designed to promote greater knowledge and understanding of the interdependent world for those going overseas, especially to developing countries, and for those coming to Britain for training and study.

• RESPONSIBILITY is to the BOARD OF GOVERNORS for the administration of the Centre and, through personal endeavour at home and abroad, for the expansion of their activities. There is opportunity for a spouse to be involved in the work of the Centre.

• PERSONAL dedication to better understanding between peoples and senior executive experience working overseas are essential. A knowledge of training in industry or adult education would be an advantage.

• PREFERRED age 40-55. Salary negotiable in the range of £7,000-£9,000. A period of secondment would be considered.

Write in complete confidence to P. A. R. Lindsay as adviser to the Board of Governors.

TYZACK & PARTNERS LTD 10 HALLAM STREET LONDON W1D 6DJ 12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

GROUP FINANCIAL CONTROLLER

A substantial international diversified trading and shipping Group requires a progressive and energetic person of wide experience and mature outlook to assume responsibility as Group Financial Controller.

LEGAL NOTICES

In the HIGH COURT OF JUSTICE Chancery Division Companies Court, in the Matter of E. J. CARPENTER INTERNATIONAL RECOVERERS LIMITED and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 14th day of December 1977, presented to the said Court by THOMAS WETHERBY & SONS LIMITED, whose Registered Office is at 10, Abchurch Lane, London EC4N 3DF, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2PL, on the 16th day of January 1978, and any creditor or contributory of the said Company desiring to support or oppose the making of an order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

COMPANY NOTICES

REGISTRATION OF MEMBERS OF THE NATIONAL BANK OF AUSTRALASIA LIMITED

NOTICE IS HEREBY GIVEN that the Register of Members of the National Bank of Australasia Limited (Incorporated in New Zealand) is open for inspection at the offices of the Company at 24, Abchurch Lane, London EC4N 3DF, from 10.00 a.m. to 5.00 p.m. on 24th November, 1977, and on 25th November, 1977, and on 26th November, 1977, and on 27th November, 1977, and on 28th November, 1977, and on 29th November, 1977, and on 30th November, 1977, and on 1st December, 1977, and on 2nd December, 1977, and on 3rd December, 1977, and on 4th December, 1977, and on 5th December, 1977, and on 6th December, 1977, and on 7th December, 1977, and on 8th December, 1977, and on 9th December, 1977, and on 10th December, 1977, and on 11th December, 1977, and on 12th December, 1977, and on 13th December, 1977, and on 14th December, 1977, and on 15th December, 1977, and on 16th December, 1977, and on 17th December, 1977, and on 18th December, 1977, and on 19th December, 1977, and on 20th December, 1977, and on 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WALL STREET OVERS MARKETS + FOREIGN EXCHANGES GOLD MARKET

Early 4.5 rally on inflation news

OUR WALL STREET CORRESPONDENT

HELPED BY some encouraging news about inflation, Wall Street recovered some of the recently lost ground in moderate early trading today.

The Dow Jones Industrial Average registered an improvement of 4.51 at 811.94 at 1 p.m.

Closing prices and market reports were not available for this edition.

of the NYSE All Common Index picked up 28 cents to 81.27.

francs outnumbered losses by about a two-to-one ratio.

Active Exxon added \$1 at 49 1/2 for stating late yesterday that Alaskan oil production would make an important contribution to 1978 earnings.

General Electric gained \$1 to 100 on reporting a backlog of orders for nuclear power plants worth more than \$600 million that would carry it into the 1980s.

WEDNESDAY'S ACTIVE STOCKS

Table with columns: Stock, Change, Price, Volume. Includes IBM, General Electric, etc.

IBM put on \$1 to \$262 1/2, General American Oil of Texas added \$1 to \$90 1/2.

Murphy Oil rose \$2 to \$64 1/2, Ocean Drilling and Exploration, and Consolidated Natural Gas have bond gas bearing bonds in Western Block 102 offshore of Louisiana.

U.S. Steel, however, slipped \$1 to \$90 1/2 as it agreed to cancel an order from Petros Mexicos for 80,000 tons of large diameter pipe.

THE AMERICAN SE Market Value added has gained 0.61 to 122 1/2 at 1 p.m. on a volume of 1.62 billion shares (1.63m.).

U.K. issues were little changed, while Germans were lower, and Dutch and U.S. stocks mixed.

GERMANY Market again failed to establish a decided trend.

Major Chemicals lost up to DM0.30 but in Motors Daimler and BMW rose DM1.50 each.

COPENHAGEN - Communications were lower, but insurance companies gained ground, while Banks, Commodities, Shipping and Industrials were mixed.

TOKYO - A firm bias prevailed yesterday following the recent mixed movement ranging between gains of DM0.20 and losses of DM0.20.

Other Markets

Canada firmer

Canadian Stock Markets displayed a firming tendency in early trading yesterday.

Other Markets

Other Markets

Mark Foreign Loans were barely steady.

AMSTERDAM - Mixed in quiet trading.

Dutch International showed an earlier disposition, with Royal Dutch losing Fls.070.

Elsewhere, Heineken added 3.40 to Fls.128.40, still buoyed by the good annual results and bonus issue.

SWITZERLAND - Modestly bolder in light trading, reflecting buying at the lower levels.

JOHANNESBURG - Gold shares were generally moderately firmer in a steady trading following other Bullion indications.

Other Markets

NEW YORK, Dec. 8

News that the National Union of Mineworkers executive had voted in favour of honouring the contract...

Anticipation of an increase in Government public works spending while export-oriented issues also moved ahead...

Some high-priced Electricals, however, lost ground, with Sony falling ¥40 to ¥1,080 and TDK Electronics ¥30 to ¥1,200.

JOHANNESBURG - Gold shares were generally moderately firmer in a steady trading following other Bullion indications.

Other Markets

FOREIGN EXCHANGES

London, Dec. 8

GOLD MARKET

London, Dec. 8

CURRENCY RATES

London, Dec. 8

EXCHANGE CROSS-RATES

London, Dec. 8

EURO-CURRENCY INTEREST RATES

London, Dec. 8

FORWARD RATES

London, Dec. 8

TOKYO 10

Tokyo, Dec. 8

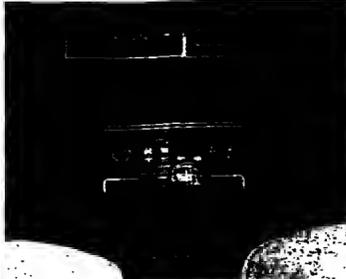
AUSTRALIA

Australia, Dec. 8

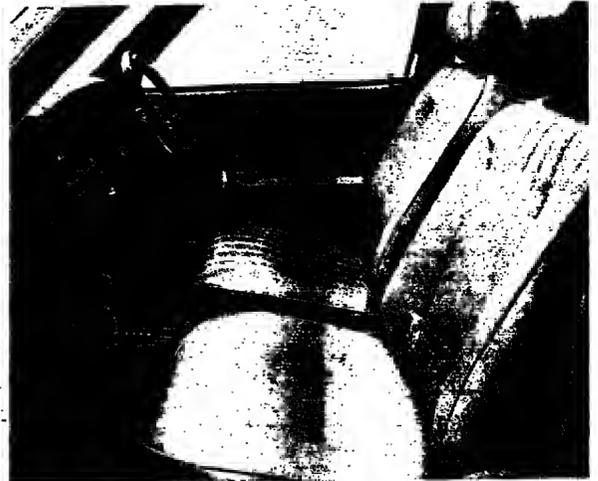
Australia, Dec. 8

Australia, Dec. 8

# Peugeot 604. Sumptuous surroundings are standard.



Centre console with easy-to-reach controls for headlight adjustment and for the all round electrically operated windows.



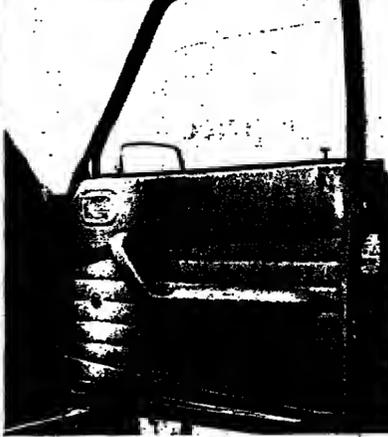
Deep, luxurious front seats with integral head restraints are upholstered with soft velours or optional leather.

Power assisted steering removes pointless effort from driving, while retaining vital feel.

A dual level heating and ventilation system allows almost any combination of warm and cool air. Full air conditioning is optional.



Rear seat passengers have more head and leg room than in almost any other luxury car.



A central locking system provides instant, fuss free security at the touch of a button. Subtly tinted glass all round.



Also electrically operated, the sliding steel sunshine roof is standard on all 604 models.



Twin dip and main beam high power halogen headlights adjustable from the driver's seat.



For additional safety, rear light clusters incorporate high intensity fog lamps.



## 604. The best Peugeot in the world, for £6,695.

Prices of the superb 604 start at £6,695 (including Car Tax and VAT) and include: electrically operated sunroof, all round electrically operated windows, tinted glass, power assisted steering, interior headlight adjustment, central locking system, rear fog lamps, metallic paint finish. Optional extras include: leather upholstery, automatic transmission, air conditioning, Rouge Amaryllis paint finish (as on car shown). Delivery and number plates extra. Price correct at time of going to press. Major service intervals every 10,000 miles (intermediate oil change every 5,000 miles). Fuel consumption (according to French Government test procedures): urban motoring-17.6 mpg, at constant 56 mph-31.4 mpg.

- I am interested in the Peugeot 604, please send me a brochure.
- I am interested in duty free purchase for re-export.

Name ..... Address .....

Send to: Peugeot Automobiles (UK) Limited, PO Box 2, Liverpool, L4 1UR Tel: 01-993 2331 (London office)

*John Smith*

FARMING AND RAW MATERIALS

Fish talks 'delayed by EEC'

By Our Own Correspondent MOSCOW, Dec. 8. ALEXANDER ISHKOV, the Soviet Minister, said today that the Soviet Union is to hold fishing talks with EEC countries...

Japan urged to buy up 'cheap' LME copper

MASAO KAMEI, President of Sumitomo Electric Industries, believes Japan should buy and "freeze" about 800,000 tonnes of copper from London Metal Exchange stocks...

TOKYO, Dec. 8.

Mexico ban on coffee sales ended

MEXICO CITY, Dec. 8. MEXICO HAS resumed coffee export sales on the international market, Sr. Daniel Morales, commercial director of the Mexican Coffee Institute, announced here...

FARMING'S FORECASTERS

Prophets who can not get it right

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

MANY YEARS AGO, a charming, old man lived in a cottage near my farm. He had obviously seen better times, and I asked him how he had come to sink to such a bare existence...

At the same time, encouragement to increase yield was universal. The rising standards of living, we were told, would demand more meat. Just as others had been told 60 years before that the world would need more ostrich feathers...

Absurd to help potato profiteers, says MP

FINANCIAL TIMES REPORTER

THE Government was asked today to permit an artificial price of potatoes to satisfy "greed" of producers. Cwilyn Roberts, Labour MP for Connock, is questioning John Silkin, Agriculture Minister, in Parliament next week...

At the annual meeting of the Potato Marketing Board on Wednesday, Mr. Geoffrey Grantham called on the Minister to clarify official policy on potato marketing.

Russia expects sugar yield of 8m. tonnes

BY DAVID SATTER MOSCOW, Dec. 8.

THE SOVIET UNION is expected to produce 8m. tonnes of sugar from its 1977 sugar beet harvest, according to the Soviet news agency, Tass. This is a significant improvement over the return on last year's harvest.

reached 85m. tonnes, Tass said. This is just less than last year's record of 85.29m. tonnes. This year's total harvest has not been announced, but it could exceed last year's record of 99.9m. tonnes. More importantly, the harvest is expected to be of significantly better quality.

Bauxite nations agree minimum price

BY CANUTE JAMES KINGSTON, JAMAICA, Dec. 8.

THE ELEVEN member countries of the International Bauxite Association have unanimously agreed on a minimum price of \$24 a tonne for bauxite ore sold next year in the North American market.

was hesitant about setting minimum prices. Doubts among other countries were fuelled by statements from Brazil—one of the world's fastest growing producers—that it would not become a member of the association.

Mexican wheat output 'cut by drought'

WASHINGTON, Dec. 8.

MEXICO'S 1977 wheat output is estimated at 2.35m. tonnes, down from 2.5m. tonnes last year, due to drought and a smaller planted area, the U.S. Agriculture Department reported.

Wheat imports are expected to be about 900,000 tonnes compared with a negligible amount in 1976-77. Malze output is expected to present wheat harvest at between 2.3m. and 2.4m. tonnes—down from last year's and sorghum output to 1.5m. and an early forecast of 3.2m. tonnes, the department says.

COMMODITY MARKET REPORTS AND PRICES

Table with columns for various commodities like Tin, Copper, Zinc, Lead, Silver, Gold, and their prices in London and other markets.

COFFEE

Table showing coffee prices for various types like Arabica, Robusta, and their prices in London and other markets.

PRICE CHANGES

Table showing price changes for various commodities like Wheat, Corn, Soybeans, and other agricultural products.

U.S. Markets

Table showing U.S. market prices for various commodities like Grains, Coffee, and Sugar.

FINANCIAL TIMES SURVEY

Table showing financial survey data for various metals like Gold, Silver, and Platinum.

GRAINS

Table showing grain prices for various types like Wheat, Corn, and Soybeans.

MEAT

Table showing meat prices for various types like Beef, Pork, and Lamb.

WOOL FUTURES

Table showing wool futures prices for various types like Merino and Crossbred.

VEGETABLE OILS

Table showing vegetable oil prices for various types like Palm Oil and Coconut Oil.

PRECIOUS METALS

Table showing precious metal prices for Gold, Silver, and Platinum.

SILVER

Table showing silver prices for various types like Standard Silver and Silver Bullion.

RUBBER

Table showing rubber prices for various types like Natural Rubber and Synthetic Rubber.

FINANCIAL TIMES

Table showing financial times data for various indices and market movements.

REUTERS

Table showing Reuters market data for various commodities and currencies.

COCA

Table showing coca prices for various types like Standard Coca and Special Coca.

JUTE

Table showing jute prices for various types like Standard Jute and Special Jute.

MEAT/VEGETABLES

Table showing meat and vegetable prices for various types like Beef, Pork, and Vegetables.

FINANCIAL TIMES

Table showing financial times data for various indices and market movements.

REUTER INDEX

Table showing Reuter index data for various commodities and currencies.

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER



# FINANCIAL TIMES REPORT

Friday December 9 1977

## CITY BANK REDEVELOPMENT

### Bishopsgate site first stage completed

By H. A. N. Brockman, Architecture Correspondent

TERM "PRESTIGE" is but overworked these but if it is to be used in a sense of near-perfection certainly be applied to building for Le Banque

oo long has the architect embasted for his part in commercial and housing ex- of the 1950s and 1960s. pless, during the past 10 much extremely good as been done by those ts who have been fortun- ough to be approached ts who wish for good and are prepared to pay

case of this building, inflation denied the accommodation as y planned, there was t money to spend on ace and the quality of undings.

#### ORY

describing the buildy be of interest briefly to the history of the e architects were com- to produce a design for three on a very large area corner of Leadenhall id Bishopsgate.

s land holdings, were ver the site. One of lot owned by National s, was bought to extend e north. The next for Nloe Elms which received ooks, Antony Gibbs s and Baring Bros. Financial Times Industrial oldings, closely inter-

locked and the brief was to fit the three areas on to the site while at the same time conforming to a severe cutting back to create a substantial road widening on the Bishopsgate frontage.

None of the existing buildings could be profitably adapted; the very large holding belonging to Barings, for instance, comprised a rabbit warren of corridors and light wells threading its way through from Leadenhall Street to Bishopsgate. At this stage the Architects produced as many as 25 schemes ranging from a single tower to many variations on the final design. The town planning application was eventually co-ordinated as a comprehensive development with Sidney Kaye Firmin and Partners as architects for the Antony Gibbs building and Collins Melvill and Ward to do the detailed designs for Barings and Le Banque Belge, the latter being the first to be completed.

The GMW Partnership, as the firm prefers to be known, has a great and deserved reputation for the design of buildings of real quality. The nearby "blackwidow" tower for Commercial Union and the adjoining P & O building are two and a really outstanding scheme for the extension of Covent Garden Opera House is another. The partnership also designed the Covent Garden Market scheme for Nloe Elms which received a commendation in the Architecture Award for 1975. In

the present ease the City authorities were keen that the development should relate to the Commercial Union and P & O project and the detailed treatment of the elevations was consequently developed in accordance with that requirement.

The building is of seven storeys above street level with a set-back containing plant rooms above the top storey. The room heights in the middle

#### DESIGN AND CONSTRUCTION

Architects: The GMW Partnership  
Structural Engineers: Scott Wilson Kirkpatrick  
Mechanical & Electrical Engineers: Rybke Smith & Ginker  
Quantity Surveyors: Langdon & Every  
Contractor: Sir Robert McAlpine & Sons

storeys are identical at 8 feet 6 inches, but monotony is avoided by a floor-height of over 15 feet in the ground storey and some 12 feet in the seventh. The whole is clothed in bronze-coloured aluminium curtain walling in which the detailing is extremely precise and the thin mullions rising the full height of the building contrast well with the horizontal bands at floor levels. The whole structure appears as a dark and highly reflective cube.

The building is entered up a short flight of steps at the eastern end of the Leadenhall Street frontage. A central revolving door in a glass screen turns continually to admit the

visitor; there are swing doors on either side. The entrance hall is a taur de force, simple yet dramatic. Of normal height, the floor and walls are of golden-hued marble, the angles where the floor meets the walls and the walls meet the ceiling are curved. At regular intervals white marble strips cross the floor and climb the walls to turn over and become lighting bands across the flat ceiling. At the

end of the hall a screen of dark glass shields the telephone room from the visitor, but enables switchboard operators (who usually have to sit in a windowless room) to see the coming and going in the entrance hall.

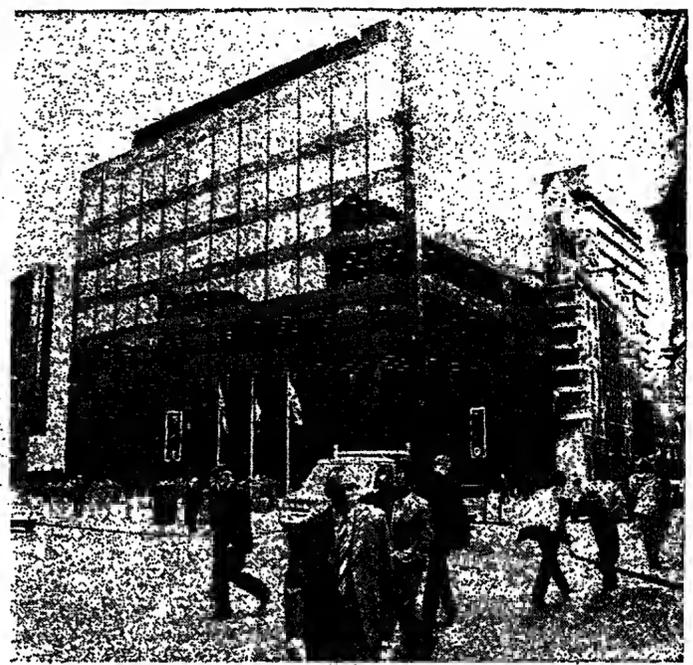
Access is gained from the left side of the entrance passage to a banking hall on the Leadenhall Street front. Lavatories, lift balls and staircases (the detail design in all of which shows the greatest care) are contained within a structural core of reinforced concrete which connects with the open planned floors at all levels. Colour in the large open office areas is carefully considered: carpeting is green, counters are of the same marble as that in the entrance

hall, ceiling lighting is in a pleasant grid of square lights in a surround of purpose-designed ceiling tiles; the floor to ceiling windows are curtained in white vertically louvred blinds.

Three and a half floors have been sublet. Here the tenant clearly has no use for the good taste which lies behind the total design philosophy informing this building. The floors are being sub-divided with paneled partitions and doors in dark wood, with pseudo-classic brass door furnishings, the carpets are equally out of place. Why could there not have been a restrictive covenant in the lease to ensure the interior preservation of this high quality design? This is a very sad state of affairs.

The building was erected for Bishopsgate Estates at a cost of over £2m. The gross area totals some 92,600 square feet at a cost per square foot of £23.5. Accommodation comprises office space on six floors, some 6,000 square feet per floor, together with ancillary areas at seventh floor, lower ground and basement levels. In addition to the main entrance on the Leadenhall Street frontage there is a secondary entrance via the lower ground floor with access from Under Shaft and covered parking for six cars.

The structure consists of reinforced concrete for the basements and above ground, a steel frame with lightweight concrete floors and a reinforced concrete service core.



The Bishopsgate/Leadenhall Street frontage.

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# Long-standing associations

WHEN BANQUE Belge's fore-runner first opened an office in Britain close to 70 years ago there were probably no more than two dozen foreign banks operating in the City of London. Today there are 285 foreign banks directly represented in the City, according to The Banker, and another 73 are indirectly represented through consortium banks.

As a group foreign banks in London control around £100bn. in assets and they are roughly three times the size of all the London clearing banks put together. Admittedly, the vast bulk of their business is in foreign currency, but their involvement in sterling business is not insignificant. Sterling deposits of £8.7bn. last summer compared with a figure of £25bn. for the clearers.

These few statistics underline the importance of the foreign banking community in the City of London — something which is not always realised outside the Square Mile.

In terms of employment alone they are significant — over 23,000 people work in foreign banks in the City — but their real contribution to the City has been to consolidate its position as the world's leading financial centre. More foreign banks are represented in London than in any other major financial centre. London clearly has a lot to offer a foreign bank in terms of business contacts — 28 new banks have opened over the past year, for example.

However, London would not be the world's leading financial centre if the foreign banking community had not appeared. Take, for example, the international capital markets. British banks operate in the Eurocurrency markets but it was London's foreign banking community that really put the market on the map. Another example is medium-term lending. British banks have become important suppliers of medium-term finance to British industry recently, but it was the foreign banks, particularly the Americans, that gave them the idea.

Yet another example of how the foreign banks have contributed to the City's development is the certificate of deposit (CD) — the first issue was put together by a foreign bank. Since then the London clearing banks have come in rely quite heavily on CDs. Obviously the foreign banks have learnt many things themselves from British institutions, but the City has a lot to thank the foreign banks for.

**Speciality**

As one of the oldest established foreign banks in the City, Banque Belge is looked upon as something of an elder statesman in the foreign banking community. One speciality that marks it out from the rest of the bunch is that it occupies a privileged position in the City money markets by being one of only five banks authorised by the Bank of England to act as a money trader on the London Discount market.

Money trading banks carry out deals in short-term securities like three normally undertaken by a discount house. The other money traders are Algemeine Bank Nederland, Keyser Ullmann, Leopold Joseph and Samuel Montagu. Until recently Banking Corporation which was also a money trader but it closed its doors last year.

Unlike most of the foreign banks, Banque Belge is a U.K. limited company and not just a branch. As a result it has a local board and apart from the representatives of its Belgian parent, counts such illustrious figures as Lord Adeane and Sir Sino-Belge's European business John Beith (ex-U.K. Ambassador to Belgium) among its directors.

The bank has an interesting pedigree. At the turn of the century King Leopold II of Belgium had his eye on the

business possibilities of the world overseas and Societe Generale was not far behind. In 1902 Banque Sino-Belge was established. This was in line with the views of the King but the real promoters were Paul de Favereau, the Minister for Foreign Affairs, and Baron Baeyens.

Belgium was heavily involved at that time in the construction of China's railway system and in particular the Pekin-Hankow Line. However, the completion of the railway was brought to an abrupt halt by the Boxer rebellion which led to widespread damage. The uprising was finally put down and Societe Generale notes with pride that after the aged Emperor had capitulated, her very first journey by rail brought her back into the Imperial City by the line built by Societe Generale.

After this China agreed to pay foreign countries an indemnity and the Belgians realised that this could prove a golden opportunity to set up a Belgian bank in China. According to Societe Generale's official history "it was to be on quite a

modest scale so that the bigger countries should not take umbrage: but it was to be alert and active enough to hold its own among the big foreign banks in Shanghai." Consequently Sino-Belge soon opened its doors in Shanghai and under a convention with the Belgian Government it became the agent for distributing the Chinese indemnity to those entitled.

The Bank's business expanded so rapidly that it was decided to merge it with Societe Generale Africaine in 1905 and a London branch was opened in 1908. It followed this up with a branch in Cairo and later Alexandria. It picked a telegraphic code "Egibonls" (which for students of crossword puzzles and anagrams is Sino-Belge spelt backwards). To this day Banque Belge in London still uses this code.

**FOREIGN BANKS IN LONDON**  
(number directly represented)

	European	Total
1870	2	10
1914	8	29
1950	19	53
1960	28	77
1966	34	103
1970	50	161
1977	93	285

Source: The Banker.

limited company. With the outbreak of World War II, Banque Belge found itself cut off from its Belgian parent but it continued to operate in London. After the war the bank's business returned to normal and it once again started playing an important role in financing trade between Belgium and Britain. In 1957 its name was shortened to Banque Belge and in 1970 it took over the London branch of Banque Sino-Belge S.A.

Today, Banque Belge is the largest and oldest established Belgian bank in the City. It employs close on 200 and at the end of June had assets of £189.5m., which included advances of £65.9m. Apart from itself, two other Belgian banks now have London operations. Close to Bishoppate there is Bank Brussels Lambert (U.K.) and over on Monogate there is Belenise Banque Belge Zairoise. The latter is affiliated to Banque Belge since it operates under the Societe Generale umbrella but both banks together employ less than 50 staff and Banque Belge remains the most important Belgian bank in the City.

Banque Belge is ultimately owned by Belgium's giant industrial holding company, Societe Generale de Belgique and Belgium's leading bank, Societe Generale de Belgique. The latter was formed by the merger of three Belgian banks in 1963 — Banque de la Societe Generale de Belgique (established 1822), Societe Belge de Banque (established 1933) and Banque d'Anvers (established 1827). It operates over 1,100 branches in Belgium and has more than 250 offices abroad.

In terms of size Societe Generale de Belgique is somewhat smaller than its French namesake. According to The Banker's latest rankings it is the 55th largest bank in the world with assets of \$15.7bn. It is the largest bank in Belgium and both Kredietbank (\$7.7bn.) and Bruxelles Lambert (\$9.9bn.) are considerably smaller. In terms of other international banks it is slightly larger than Toronto Dominion and slightly smaller than Security Pacific.

But although it does not rank among the top ten banks in the world in terms of size, Societe Generale has a long international banking tradition. In common with the Midland Bank and Amsterdam Rotterdam Bank, it has put considerable effort into the development of the EBIC group which is generally considered to be the most successful of the so-called "banking clubs".

Apart from its own affiliates such as Banque Belge in Paris and H. Albert de Bary and Co. in the Netherlands, much of Societe Generale's international business is done through the affiliated EBIC banks. In London, for example, there is European Banking Company, which will soon move into part of Banque Belge's new offices, and the European Arab Bank, while overseas there are so many EBIC affiliates that one can easily lose count.

In the Far East there is the European Asian Bank, and in Australia the Euro-Pacific Finance Corp. In North America there is European American Bank and in South America there is Banque Europeenne pour l'Amerique Latine (BEAL).

Finally Societe Generale de Belgique conducts a large amount of international business directly from Brussels. Aside from commercial banking it is important in the international capital markets. Last year, for instance, it co-managed 42 syndicates for issues totalling \$1.9bn. and was involved in underwriting and placement of 181 issues totalling \$7.2bn.

Societe Generale de Belgique, by contrast, is more heavily involved in the non-banking field, although 38.4 per cent of its share portfolio is tied up in banks, insurance and finance

companies. Another 18 per cent, in non-ferrous metal and mineral companies while energy and construction industries account for another 20 per cent.

With this sort of backing it is not hard to see why Banque Belge plays such an important role in financing Anglo-Belgian trade. It claims to be "one of Britain's most experienced banks" in dealing with documentary credits and all forms of export financing. In addition, its Belgian parent has a special department specialising in foreign investment in Belgium and Banque Belge is a useful contact point for U.K. companies considering moving into Belgium and the Continent, generally.

**Capital**

In common with virtually every U.K. bank, Banque Belge did not escape entirely unscathed from the U.K. secondary banking/property crisis and it also suffered something of a setback following the hammering of stockbrokers Milton Butler Priest a few years ago. However, that is all in the past now and the bank's share capital has recently been more than doubled so that it is now well placed to increase its business substantially. In his latest chairman's statement M. Alloo says that the bank will participate further in the ever increasing opportunities which London, as the world's leading financial centre, can offer.

The bank's elegant new building on Bishoppate is an impressive symbol of its continued commitment to the City. In common with many of the older established foreign banks, Banque Belge has seen good times and bad in Britain. It has stuck it out through two world wars and while its profitability may sometimes have suffered because of setbacks in the U.K. economy, the City has benefited considerably from the presence of banks such as Banque Belge.

The U.K. economy and sterling might not be as internationally important as they were when Banque Belge first entered the City. Just after the turn of the century but the City's international stature is in anything but a decline. The banking community has adapted surprisingly well to the decline in sterling's international role. The disappearance of sterling finance for Third World trade, the virtual closure of the domestic U.K. capital markets to foreign borrowers, and the spectacular financial crashes of 1974/75 have undoubtedly dented the City's reputation. But it has survived nevertheless and the financial community is more resilient than ever. The support and loyalty of the foreign banking community is one very good reason for this.

**BANQUE BELGE**

	1972	1973	1974	1975	1976
Profit* (£000)	176	209	(211)†	50	74
Shareholders funds (£m.)	9.2	9.4	5.4	6.7	6.8
Advances (£m.)	44.8	42.4	46.8	47.9	53.3
Assets (£m.)	113.5	102.7	112.4	122.4	148.4

\* Profit for the year after a transfer to inner reserves. † 1974

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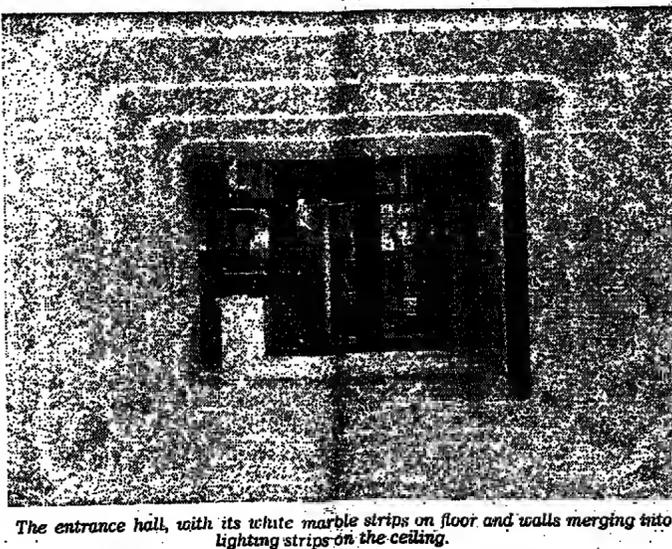
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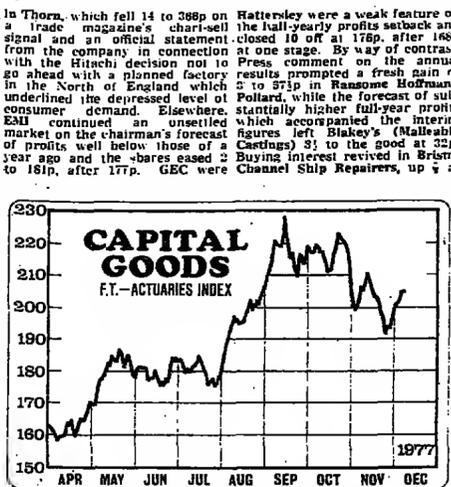
The entrance hall, with its white marble strips on floor and walls merging into lighting strips on the ceiling.

*Spelling*

STOCK EXCHANGE REPORT

Equities tail off after attempted rally on miners' vote Trading level again disappoints—Short gilts ease further

Account Dealing Dates... Equities tail off after attempted rally on miners' vote... Trading level again disappoints—Short gilts ease further... The volume of business in the FT index was generally light...



Capital Goods... The volume of business in the FT index was generally light... The major clearing banks drifted lower...

Equities tail off after attempted rally on miners' vote... Trading level again disappoints—Short gilts ease further... The volume of business in the FT index was generally light...

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FINANCIAL TIMES STOCK INDICES table with columns for Dec 7, Dec 8, Dec 9, Dec 10, Dec 11, Dec 12, 1 year ago.

HIGHS AND LOWS table with columns for High, Low, and S.E. ACTIVITY.

OPTIONS TRADED table with columns for Buy, Sell, and various stock options.

NEW HIGHS AND LOWS FOR 1977 table listing various stocks and their performance.

RISES AND FALLS YESTERDAY table showing daily price movements for various stocks.

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FIXED INTEREST STOCKS table listing various fixed interest stocks and their performance.

RIGHTS OFFERS table listing various rights offers and their details.

ACTIVE STOCKS table listing various active stocks and their performance.

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Large table containing EQUITY GROUPS, GROUPS & SUB-SECTIONS, and FIXED INTEREST PRICE INDICES.

BLACK DIAMONDS PENSIONS LIMITED (A company wholly owned by the National Coal Board Pension Funds) The Offer for the Ordinary Shares of THE BRITISH INVESTMENT TRUST LIMITED closes at 3p.m. on Monday, 12th December, 1977.

Remainder of text for Active Stocks table, including company names and prices.

Table with financial data, possibly related to the Fixed Interest Price Indices or other market metrics.

# The Property Market

BY JOHN BRENNAN

## State rents £180m. by 1980's

By the mid-1980s the Government's office rent bill, now £94m. a year, is expected to top £150m.

Despite relocation of some 31,000 civil servants from Central London over the next ten years, releasing 5m. square feet of offices, rents paid by the Government's property management side—the Property Services Agency—are expected to more than double in the next ten years as historically low cost buildings come due for rent reviews.

Only around 30 per cent. of the 72m. square feet of offices managed by the Agency are

Property Services Agency—the scale of the business	
Estimated value of portfolio	£3,000m plus
Overall staff	49,846
Annual manpower costs	£m. 194
Annual building development costs	417
Annual building maintenance costs	319
Land Managed: Hectares m.	2,184
U.K. Civil Estate	284
U.K. Defence Estate	148
Overseas Defence Est.	148

directly owned by the Government. The rest are leased, mainly with long rent review periods agreed in the early 1960s and 1960s. Mr. Kenneth Marks, Under Secretary of State for the Environment and the Agency's

direct Parliamentary master, dismissed suggestions earlier this week that the high proportion of rented accommodation makes the agency "a soft touch and easy prey" in the tough commercial operators. To back his argument Mr. Marks revealed that the Government pays an average of just £3.15 a square foot for London offices and only £1.50 a square foot for provincial offices. London offices account for nearly 80 per cent. of accommodation costs.

Developers bailed out of embarrassingly expensive violet schemes by the agency will manage a discreet smile at Mr. Marks' expense. But even though current average figures for office rents miss the critical point that the Government's rent bill is due to explode as reviews fall due, the agency cannot be accused of ignoring the problem. It has been prevented from tackling it.

Last year, out of a £407m. building programme covering all its Ministry of Defence, Post Office, Foreign Office and civil estate commitments, the agency had just £50m. to spend on new buildings for Government accommodation in Britain. Public sector spending cuts have restricted the agency's budget for developments in Britain to around £50m. until the mid-1980s. The agency is also unable to significantly supplement its development budget with proceeds from the sale of surplus directly owned buildings. Cash from sales is funnelled directly to the Treasury and used merely to extend the agency's cash-

spending limits in the year of sale. The agency is unable to build up a cash reserve, and is therefore unable to make much of its policy decisions to go for freehold rather than leasehold accommodation. On its current budget the agency has little hope of denting the massive and ever-growing rent bill by moving Government staff to Government owned buildings. Agency staff take a philosophical view. Government rents do, after all, end up as landlords' taxable earnings.

## In Brief

**BRITISH LAND** will today announce the £12m. sale of its 250,000 square feet Setanta Centre development in Dublin to the Coal Board's pension fund. The sale, near book value, has the immediate effect of cutting British Land's financing costs by a net £590,000 a year. And repayment of £12m. of short term debt brings total repayment or refunding of short term loans by the group to around £221m. since its major refinancing package in September. Setanta, around 14% of other sales; the £12m. cash received for the sale of its stake in Bridgewater Estates; and the £7.5m. of 15 per cent. Debenture Stock sold after the refinancing; agreement, cuts overall debts to around £144m. of which just over £50m. is repayable within five years.

In a written Parliamentary reply

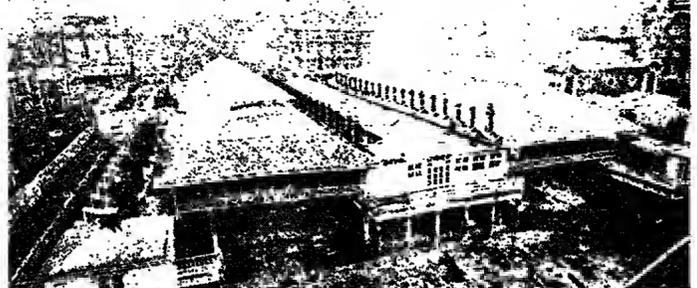
this week the Chancellor revealed that in its first 15 months the Development Land Tax has raised just £13.7m. Only £8.9m. of that has been dealt with directly by the DLT office in Middlesbrough, where there are now 170 staff, 138 of whom are Civil Officers grade or above.

**GEORGE WIMPEY** has dropped plans to build the second phase of its £22m. Wingate Centre office scheme in two units. Instead, work starts in January next year on a single 95,300 square foot block that, when completed at the turn of the decade, will be one of the very few modern City of London offices of its size on the market. The demand for large unit City offices persuaded letting agents and project managers Lander Burfield to press for a single building. The agents report that they have already been approached by

space users interested in taking the entire building. Insurance brokers Bain Davies will move into the first 66,000 square feet phase of the centre next September. The brokers expect to spend over £2m. fitting out "Bain Davies House," which was formally "topped-out" yesterday. No asking rents have been quoted for the space. But Mr. Stephan Wingate, the initiator of the scheme noted yesterday that, at current rent levels and assuming both phases were completed, he would expect around £12 to £12.50 a square foot. Projecting rents ahead to 1980 will keep the negotiators busy through the winter months.

**GUCCI** retailers that make Harrods look like Woolworths, could be creating headaches for shop tenants in London's Old Bond Street. Since its £11m. move to 27 Old Bond Street, taking over "Gieves' 20,000 square foot Arcade House—Gucci has helped to set a trend for exclusive shops, replacing a previously dull shopping street. Tenants who moved in 18 months ago when prime zone rents ranged from £15 to £20 a square foot now face competition at review time from retailers pressing for space at over £30 a square foot.

Gucci, advised by Goldberg and Co., managed to fund the bulk of its moving costs by selling its old stores, at 172 and 174 New Bond Street, into another strongly rising rental market. The Canadian fashion house, a near freehold 900 square feet at 172, and another fashion group, Robina, paid the equivalent of £80 a square foot for prime front space on a two-year lease for the 600 square foot shop at 174. Even in New Bond Street, £80 must be a record rate for shop frontage, although Goldberg report near doubled rents in that area in the past year with space no win demand at £50 to £80 a square foot.



Myton, the Taylor Woodrow group's refurbishment arm, has won a £2m. contract to restore the Covent Garden central market building. The 1830 building was the focus of the fruit, vegetable and flower market before the market's move to Nine Elms in 1974. Now, the Greater London Council plans to restore the 17 1/2, 200 sq. ft. office suites and 40 small

shops in the building as a central feature of its 100-acre Covent Garden redevelopment. Myton, which took over the contract from an earlier, now financially embarrassed builder, expect to complete the renovation work by the spring of 1980. By that time the GLC may have a clearer idea of who they want to take up the shop and office space.



Elliott House, Victoria, SW1, sold for £1.5m.

## Racial Equality to S.W.

A three tier deal this week gives the Commissioners for Racial Equality a headquarters building, releases Watney's from an unused long leasehold, and nets English Property Corporation around £3.5m. cash.

The Commissioners have paid £9 a square foot for the 29,839 square foot Elliott House in Allington Street, Victoria SW1. The letting, arranged by Conrad Riblat, forms the key to a deal between EPC, the building's freeholder, and the brewing group. Watney's have sold out their leasehold interest in EPC—for a reputed £1m. cash—and EPC in turn has sold the complete fully tenanted package, plus four shops, to pension fund clients of Barclay's. No details of the investment sale have been released. But it is believed that the letting to the Commissioners boosted rents for the office and shops to £255,000 a year, and that the pension fund paid around £4.5m., an initial yield of just under 6 per cent. Elliott House forms part of the former Stax Brewery site of purchasers.

Watney Combs Head the building, the 700,000 sq. ft. Watney House—let last year by the U.S. oil group that formed part of the case of investment struck by EPC in June 1976.

Middle Eastern—bank investors have paid £2 a sq. ft. for the 120,000 sq. ft. block, Avenfield House, 128 Park Lane, W.1. The site at the former Grosvenor Park Lane includes a 17,000 square feet of shop showroom space. Charles who acted for the purchaser, and who has advised clients on another 17 property purchases in the last few years, had to make mass of overlapping leasehold buildings, which of T and T through its purchase of the Central and District in 1977. Michael Laurie and acted for T and T and worked with Price & purchasers.

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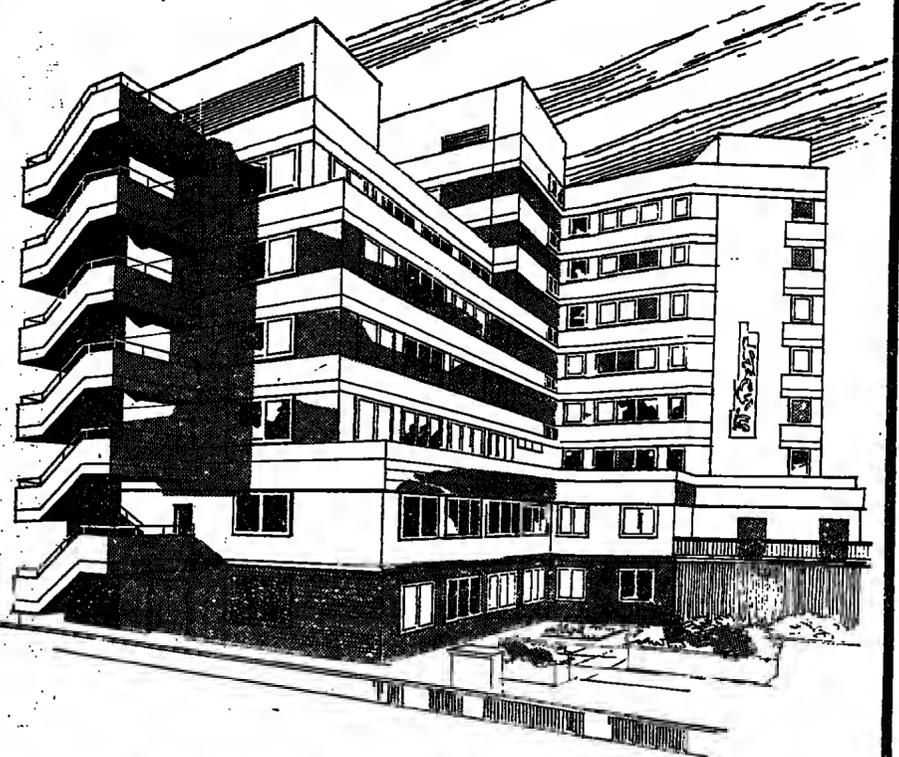
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AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of Authorised Unit Trusts listing various funds such as Abbey Unit Tr. Mgrs. Ltd., Allied Hambro Group, and others with their respective details and prices.

Table of Offshore and Overseas Funds listing international investment funds like Archon Securities (C.I.) Limited, Fidelity Mgmt. & Res. (Bda) Ltd., and others.

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CORAL INDEX: Close 481-486

INSURANCE BASE RATES
Property Growth 8 1/2%
General Assurance 8%
Address shown under Insurance and Property Book Table.

BASE LENDING RATES
B.N. Bank 7 1/2%
Hill Samuel 7 1/2%
C. Hoare & Co. 7 1/2%
Julius S. Hodge 8 1/2%
Hongkong & Shanghai 7 1/2%
Industrial Bk. of Scot. 7 1/2%
Keweenaw Lillman 7 1/2%
Knysley & Co. Ltd. 9%
Lloyds Bank 7 1/2%
London & European 8 1/2%
London Mercantile 7 1/2%
Midland Bank 8 1/2%
Samuel Montagu 8 1/2%
Morgan Grenfell 8 1/2%
National Westminster 7 1/2%
Norwich General Trust 7 1/2%
P. S. Refson & Co. 7 1/2%
Rosenstein Acceptors 7 1/2%
Royal Bk. Canada Trust 7 1/2%
Schlesinger Limited 9 1/2%
S. Schwab 7 1/2%
Security Trust Co. Ltd. 8 1/2%
Shenley Trust 7 1/2%
Standard Chartered 7 1/2%
Trade Dev. Bank 7 1/2%
Trustee Savings Bank 7 1/2%
Tweedbank 7 1/2%
United Bank of Kuwait 7 1/2%
Whiteway Laidlaw 7 1/2%
Williams & Glyn's 7 1/2%
Yorkshire Bank 7 1/2%

MOD PRICE MOVEMENTS table showing price changes for various commodities like fish, wheat, and other goods.

INSURANCE, PROPERTY, BONDS

Large table listing various insurance, property, and bond services and providers, including Abbey Life Assurance Co. Ltd., Credit & Commerce Insurance, and others.

NOTES
Please do not include premium, except where stated in the notes. Premiums are payable in advance.

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FT SHARE INFORMATION SERVICE

HOTELS—Continued

Table listing hotel shares with columns for High, Low, Stock, Price, Div, and Yield. Includes entries like Hotel de Ville, Hotel de Ville, Hotel de Ville.

INDUSTRIALS (Misc.)

Table listing various industrial shares with columns for High, Low, Stock, Price, Div, and Yield. Includes entries like ICI, ICI, ICI, ICI.

ENGINEERING—Continued

Table listing engineering shares with columns for High, Low, Stock, Price, Div, and Yield. Includes entries like BHP, BHP, BHP, BHP.

ELECTRICAL AND RADIO

Table listing electrical and radio shares with columns for High, Low, Stock, Price, Div, and Yield. Includes entries like GEC, GEC, GEC, GEC.

DRAPERY AND STORES—Cont.

Table listing drapery and stores shares with columns for High, Low, Stock, Price, Div, and Yield. Includes entries like Debenhams, Debenhams, Debenhams.

BUILDING INDUSTRY—Cont.

Table listing building industry shares with columns for High, Low, Stock, Price, Div, and Yield. Includes entries like Bovis Lend Lease, Bovis Lend Lease.

BANKS AND HIRE PURCHASE

Table listing banks and hire purchase shares with columns for High, Low, Stock, Price, Div, and Yield. Includes entries like Nat West, Nat West.

BEERS, WINES AND SPIRITS

Table listing beer, wine, and spirit shares with columns for High, Low, Stock, Price, Div, and Yield. Includes entries like Allied Breweries, Allied Breweries.

CINEMAS, THEATRES AND TV

Table listing cinema, theatre, and TV shares with columns for High, Low, Stock, Price, Div, and Yield. Includes entries like Rank Group, Rank Group.

DRAPERY AND STORES

Table listing drapery and stores shares with columns for High, Low, Stock, Price, Div, and Yield. Includes entries like Debenhams, Debenhams.

BUILDING INDUSTRY, TIMBER AND ROADS

Table listing building industry, timber, and roads shares with columns for High, Low, Stock, Price, Div, and Yield. Includes entries like Bovis Lend Lease, Bovis Lend Lease.

BRITISH FUNDS

Table listing British funds with columns for High, Low, Stock, Price, Div, and Yield. Includes entries like Short's (Lives up to Five Years), Short's (Lives up to Five Years).

INTERNATIONAL BANK

Table listing international bank shares with columns for High, Low, Stock, Price, Div, and Yield. Includes entries like Citicorp, Citicorp.

CORPORATION LOANS

Table listing corporation loans with columns for High, Low, Stock, Price, Div, and Yield. Includes entries like British Telecom, British Telecom.

COMMONWEALTH & AFRICAN LOANS

Table listing commonwealth and African loans with columns for High, Low, Stock, Price, Div, and Yield. Includes entries like Anglo-Siam, Anglo-Siam.

LOANS Public Board and Ind.

Table listing public board and industrial loans with columns for High, Low, Stock, Price, Div, and Yield. Includes entries like Anglo-Siam, Anglo-Siam.

FOREIGN BONDS & RAILS

Table listing foreign bonds and rails with columns for High, Low, Stock, Price, Div, and Yield. Includes entries like Anglo-Siam, Anglo-Siam.

AMERICANS

Table listing American shares with columns for High, Low, Stock, Price, Div, and Yield. Includes entries like American Express, American Express.

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INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INV. TRUSTS—Continued

FINANCE, LAND—Continued

Table of Industrial stocks including companies like I.C. Ind. Corp., Anglo Ind. Corp., and others with columns for price, volume, and change.

Table of Insurance stocks including companies like Sun Alliance Pl., London & Lancashire, and others.

Table of Property stocks including companies like Property Finance, Property Development, and others.

Table of Investment Trusts including companies like Anglo Ind. Trust, Anglo Ind. Trust, and others.

Table of Finance and Land stocks including companies like Anglo Ind. Corp., Anglo Ind. Corp., and others.

NOMURA The Nomura Securities Co., Ltd. Japan's leader in international securities and investment banking.

MINES—Continued CENTRAL AFRICAN Table listing various mining companies and their stock prices.

AUSTRALIAN Table listing Australian mining and industrial companies and their stock prices.

TINS Table listing tin mining companies and their stock prices.

OVERSEAS TRADERS Table listing overseas trading companies and their stock prices.

COPPER Table listing copper mining companies and their stock prices.

MISCELLANEOUS Table listing various miscellaneous stocks and their prices.

NOTES section providing detailed information and analysis for various stocks.

TEAS Table listing tea companies and their stock prices.

MINES Table listing various mining companies and their stock prices.

CENTRAL RAND Table listing Central Rand mining companies and their stock prices.

EASTERN RAND Table listing Eastern Rand mining companies and their stock prices.

FAR WEST RAND Table listing Far West Rand mining companies and their stock prices.

O.F.S. Table listing Overseas Finance and Securities companies and their stock prices.

INSURANCE Table listing insurance companies and their stock prices.

PROPERTY Table listing property companies and their stock prices.

TRUSTS, FINANCE, LAND Table listing trusts, finance, and land companies and their stock prices.

FINANCE, LAND, etc. Table listing finance and land companies and their stock prices.

DIAMOND AND PLATINUM Table listing diamond and platinum companies and their stock prices.

REGIONAL MARKETS

Table of regional market data including various regional indices and stock prices.

OPTIONS 3-month Call Rates

Table of 3-month call rates for various options.

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## Tribunal on Crown Agents promised

BY RUPERT CORNWELL, LOBBY STAFF

THE GOVERNMENT has bowed to the will of the Commons and agreed to set up a public tribunal into the Crown Agents scandal—a decision which means, in effect, that witnesses will be immune from future criminal proceedings.

The establishment of a tribunal under the 1921 Act of Parliament, was announced by MPs yesterday by the Prime Minister after Monday's crushing rejection by the Commons of a private inquiry to follow up the Fay report.

Mr Callaghan explained that it was the problem of subsequent immunity, as well as the need to protect the innocent, which had led the Government to opt originally for secret hearings to determine individual blame for the losses of £213m registered by the agents between 1968 and 1974.

Mr Callaghan said: "The tribunal must identify those responsible for these deplorable events." He stressed, however, that it should also aim to safeguard witnesses from public allegations which could easily prove unfounded.

The move was welcomed by both Mrs Margaret Thatcher, Conservative leader, and Mr David Steel, the Liberal leader.

The tribunal will be empowered to compel witnesses to appear and give evidence—not only from the Treasury, the Bank of England and other Whitehall departments involved, but also individuals from private companies who had refused to testify to the Fay committee.

However, many MPs were taken aback by the revelation that the open hearings they had pressed for so vigorously—to get to the bottom of the agents' involvement in property and fringe banking—would imply widespread immunity from criminal charges and possibly affect civil proceedings also.

Mr Callaghan said this fact simply had to be accepted.

## Nine to be asked to back plan for agriculture

BY MARGARET VAN HATTEM

BRUSSELS, Dec. 8.

THE EUROPEAN Commission will ask Common Market Governments to approve a major package of proposals costing an estimated 350m units of account from next year, to help Mediterranean agricultural producers.

The proposals, part of the Commission's annual farm price review, are designed largely to help restructure those parts of European agriculture likely to suffer most from Greece, Spain and Portugal joining the EEC.

They include comparatively little in the way of direct price support.

The most controversial of the measures is a proposed minimum guaranteed price for wine—a major concession to France in that it would counter competition from cheaper Italian wines.

The measure is believed to be part of a trade-off in which Italy would be the major beneficiary under a proposed five-year structural investment scheme, covering about 200m units of account a year.

Mr Finn Olav Gundelach, the EEC Commissioner for Agriculture, met Mr Giovanni Marcora, the Italian Agriculture Minister, last week.

The Italians are believed to be prepared to accept the deal.

The Commission will also present proposals tomorrow for an average 1.8 per cent rise in institutional farm prices for 1978-79.

Translated into national currencies, this represents an average 0.5 per cent rise in retail food prices and a 0.1 per cent rise in the cost of living.

The proposals allow for a modest reduction in monetary compensatory amounts which would raise the offer to UK farmers to 8.05 per cent—the largest rise—and a 0.6 per cent rise—the lowest—to German producers.

Other rises include: France 3.7 per cent, Italy 3.84 per cent, Ireland 2.09 per cent.

The price proposals indicate a tougher attitude towards Northern European producers and their notorious surpluses.

The intervention price for milk would rise by 2 per cent, but the 1.5 per cent responsibility would continue.

A 3.5 per cent drop in the intervention price for durum wheat is proposed, with 1.26 per cent rise for barley and common wheat.

A 1.25 per cent rise is proposed for beef and 3 per cent for pork.

For Mediterranean products included in the price package the Commission suggests a 2 per cent rise for fruit and vegetables and no change for olive oil.

The Mediterranean package includes proposals for a major irrigation programme in southern Italy; electricity drying water and road construction schemes in Italy and France; grants for forestry and product marketing, and processing schemes in both countries.

The rest of the package, which is estimated at 160m units of account a year, would include increased subsidies to olive oil producers (40m units of account), a system of subsidies to fruit and vegetable processors, conditional on their paying a guaranteed price to producers (120m units of account) and subsidies to producers of peas and beans for animal feed.

### THE LEX COLUMN

## Lyons' recovery brews slowly

Index fell 0.1 to 485.2

often involves above-average risks.

The half-year message from J. Lyons is that although the group is moving broadly in the right direction, profitability is not going to improve as quickly as at one time had been hoped.

Interim profits are up from £5.6m to £6.6m pre-tax; within this, a downturn of £1m on ice cream and soft drinks has been roughly offset by an upswing in the tea and coffee side, while the disappearance of profits from businesses which have been sold over the year is compensated for by the absence of exceptional charges (£1.7m last time).

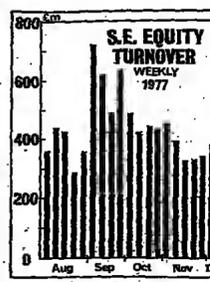
The cake and meat business in the U.K. lies behind this underlying improvement and the plant at Carlton—representing an investment of £20m, plans are approaching the break-even point.

But falling commodity prices make the outlook for tea and coffee extremely uncertain.

Lyons Textiles has sales of £120m, of which well over half comes from tea, and margins are now being squeezed. Since pre-tax margins for the group as a whole are under 2 per cent, small movements can make a very big difference to the bottom line.

However, the balance sheet story is more positive. Spending on fixed assets and working capital will be relatively modest this year, and disposals combined with a better rate of sterling could help to cut borrowings by, say, £30m or more.

But equilibrium is still several years away, which explains the volatile share price record and the dividend yield of 11 1/2 per cent at 103p.



With UDT hobbling along in the shadows, NatWest's Lombard North Central has now donned the mantle as the U.K.'s biggest finance house, but not the most profitable. At the half-year stage pre-tax profits were down by close to a fifth, but the subsequent decline in interest rates led to a sharp fall in the cost of funds in the second six months—and a marked improvement in the profitability of its fixed rate lending, which accounts for over three-quarters of the total. Consequently, second half profits are nearly doubled and for the year as a whole pre-tax profits are 38 per cent higher at £11.7m.

## Assad seeks Saudi help against Sadat

BY OUR FOREIGN STAFF

THE DIVIDED Arab world was the scene of intense diplomatic activity yesterday ahead of the crucial visit to the Middle East of the U.S. Secretary of State, Mr. Cyrus Vance.

President Assad of Syria, who remains deeply opposed to President Sadat's visit to Jerusalem, was in Riyadh to seek the support of Saudi Arabia. King Husseio of Jordan who has been trying to mediate between Egypt and Syria, where he was to Wednesday, was holding talks in Cairo and was expected to go on later to Riyadh.

In Cairo, Mr. Sadat, in a speech to an enormous crowd, poured scorn on his Arab and Communist opponents, calling them "imposters and dwarfs." He seemed determined to press on with the Cairo conference, which is to be attended so far only by representatives of Egypt, Israel, the U.S. and the U.N.

Saudi Arabia, whose political and financial support for both Egypt and Syria is vital, yesterday, through an unidentified source, believed to be Prince Fahd, was interviewed by the Beirut magazine, al-Hawass. He was reported to be criticising both President Sadat for his visit to Israel and his critics for the damage they had done to Arab unity.

Michael Tingay reports from Damascus: President Assad went to Riyadh to launch a diplomatic offensive in the Arab world to counter plans of President Sadat. He is due in Kuwait tomorrow and other Gulf states thereafter.

He is believed to be seeking, in particular, commitments to oppose partial or bilateral settlements with Israel.

Having created the "anti-Sadat" front, consisting of Syria, the Palestine Liberation

## Callaghan backs TV attack on Front

By Philip Rawstone

MR. JAMES CALLAGHAN yesterday vigorously defended in the Commons the Labour Party's controversial party political broadcast on the National Front on Wednesday night.

Opposition to racialism must be total, he told MPs. The issue could not be dealt with by carefully weighed electoral considerations or ambiguous phrases.

The Prime Minister was replying to Mr. Alex Lyon, Labour MP for York, who had called on him for a message of congratulation on the "long overdue forthright attack on the National Front."

Mr. Lyon said the broadcast had been marred only by the fact that the BBC had insisted on cutting references to the party's conditions of almost unanimous support for the programme, which compared the National Front's policies to the "repulsive traditions" of Fascists like Hitler and Mussolini.

Mr. Neil Kinnock, Labour MP for Bedford, tabled a Commons motion "warmly commending the broadcast."

The motion says: "The day has arrived in Britain when the silence of democrats assists the National Front more than the publicity which results from attacking them."

## Gap narrowing on European voting

BY RICHARD EVANS, LOBBY EDITOR

THE CRUCIAL Compromise vote on the method of election to the European Parliament could be much closer than expected after intense campaigning by Government Whips in favour of the regional list system of proportional representation.

Although there is a free vote on the issue, the "payroll" vote of around 100 Ministers seems to have swung over in favour of PR, partly to give support to Mr. David Steel, the Liberal leader, and to maintain the Lib-Lab pact.

Even so, the prospect remains of a victory for the Westminster system of first-past-the-post and therefore the inevitable failure to meet the target date of next May or June for the elections.

Support for the simple House, which will come largely from the Conservative Party and one well-informed estimate is that the Tory vote will divide two to one against PR.

The Government delayed consideration of the European Assembly Elections Bill for 10 days in order to give time for more Labour MPs to see the

## London & Northern

At a morning meeting yesterday London and Northern explained to a party of still aggrieved institutional shareholders why it had slashed its interim dividend by 36 per cent. Larger retentions were required, it was stated, to meet the capital requirements of the group. The associate Pauldies needs high retentions to help finance £100m, plus of work, while there is pressure on the completion of the first stage of the Marland warehouse. Elsewhere at home the manufacturer side performed reasonably well as did footwear retailing and the cheaper end of the furniture division; but Times Furniture and the menswear chains had a sticky time. Meanwhile

## GUS

As so often before, the small order side has helped to power GUS through a generally unexciting period, and the group's pre-tax profits are 15 per cent higher after six months at £50m, at the top end of the market's range of expectations. U.K. mail order saw strong demand and benefited from some reduction in double routing costs after the completion of the first stage of the Marland warehouse. Elsewhere at home the manufacturer side performed reasonably well as did footwear retailing and the cheaper end of the furniture division; but Times Furniture and the menswear chains had a sticky time. Meanwhile

## Tories call emergency debate on Polish ships

BY RUPERT CORNWELL

THE CONSERVATIVES have initiated a special Commons debate on Monday to make a full-scale attack on the Government's handling of commercial practice. £115m. Polish shipping order and elicit financial details.

At the same time the party's front bench industry team, led by Sir Keith Joseph, has taken the rare step of endorsing a back-bench motion urging ministers "in the interest of open government" to reveal what subsidies have been offered to the Poles.

The Government's refusal to provide further information yesterday provoked furious exchanges in the Commons between Mr. James Callaghan, Prime Minister, and Mrs. Margaret Thatcher, Conservative leader, who fruitlessly demanded what proportion of the purchase price was "being met by the British taxpayer."

Mr. Callaghan retorted that the Tories would have their opportunity on Monday—adding,

## Rejected

Mr. Ron Hayward, Labour Party General Secretary, said: "There will be no complaints and no knuckles will be rapped. It was excellent. It set out to expose the National Front and that is what it did."

National Front leaders said yesterday that they would write to the BBC and the IBA demanding a right of reply. But they recognised that because of the agreement which allocates television time only to those parties with MPs, they were unlikely to be given any facilities.

A BBC spokesman confirmed that the request for a right of reply would be rejected.

Mr. Richard Verrall, a National Front spokesman, said: "The programme was just part of the Labour Party's socialist anti-National Front campaign of lies and propaganda and as such we should be able to answer it."

Mr. Nicholas Winteron, Tory MP for Macclesfield, said he would be questioning Mr. Callaghan about the way in which interviews for the programme were obtained in London's East End.

Although 1 regard the National Front as despicable it is equally monstrous that interviews should be gained in this way," he said.

Parliament and News Analysts, Page 14

## Dollar talks

propensity to invest to rationalise at home while investing for expansion overseas.

This, Dr. Enninger noted, would make the West German economic swing still harder to achieve.

Michael Blanden writes: The dollar picked up a little against most leading currencies after the continued decline earlier in the week.

The main exception was the pound, which rose sharply on the news of the National Union of Mineworkers vote to reach a best of £18.50.

The improvement was short-lived, however, and by the close sterling came back to show a gain of only 3 points at \$1,870.

The pound's trade weighted index against a basket of other currencies rose to 83.3 against 82.1.

This partly reflected the improvement in the dollar elsewhere, with the value of the U.S. currency against the D-Mark rising to DM2.175

## Weather

U.K. TO-DAY  
 SHOWERS and rain with sunny intervals in Central and East England.  
 London, S.E. England, E. Anglia, Cent. S. England, Midlands E. E. England, Midlands W., Channel (S., N.W. England, Cent. N. England  
 Fog patches early. Sunny intervals and some showers. Max. 7C (45F).  
 S.W. England, S. Wales, N. Wales  
 Sunny intervals, mainly dry, rain later. Max. 11C (52F).  
 Lake District, N.E. England, Borders, Edinburgh, Dundee, S.W. Scotland, Glasgow, Cent. Highlands, Argyll  
 Cloudy, occasional showers. Max. 8C (46F).  
 L. of Man, N. Ireland  
 Sunny intervals, mainly dry, rain later. Max. 8C (46F).  
 Aberdeen, Moray, Firth, N.E. Scotland, N.W. Scotland, Orkney, Shetland  
 Cloudy, some rain. Max. 6C (43F).

## Promise to firemen

Continued from Page 1

of other workers. It also hoped that negotiations would continue over on the reduction of the 48-hour week.

If a shorter week were to be introduced without loss of pay, it would have to be on the basis of more productive working formulae guaranteed by the Government, and the prospect of a shorter working week to be spent on fire-fighting.

He argued that such an agreement, although not giving firemen all they wanted immediately, would provide a sound means of settling proper remuneration for many years to come and an assured basis for the firemen should be asked to sign a "no strike" undertaking similar to that for police and other public services.

It is the view of the Government that such an offer could be brought that the introduction of this issue would lose all hope of an early settlement.

Pauline Clark writes: Leaders of the Fire Brigades Union were in touch with local authority employers last night on the proposals. The employers are meeting to-day when the executive of the FBU is also expected to receive.

## Electric brain

A £1m. COMPUTER to monitor and control distribution of electricity has been installed at the North West Region of the Central Electricity Generating Board, at Bramhall, Cheshire.

## BUSINESS CENTRES

City	Y-day	Mid-day
Amsterdam	10	11
Brussels	10	11
London	11	12
Madrid	10	11
Paris	10	11
Stockholm	10	11
Geneva	10	11
Frankfurt	10	11
Hamburg	10	11
Basel	10	11
Berlin	10	11
Brno	10	11
Prague	10	11
Warsaw	10	11
Zurich	10	11
Vienna	10	11
Amsterdam	10	11
Brussels	10	11
London	11	12
Madrid	10	11
Paris	10	11
Stockholm	10	11
Geneva	10	11
Frankfurt	10	11
Hamburg	10	11
Basel	10	11
Berlin	10	11
Brno	10	11
Prague	10	11
Warsaw	10	11
Zurich	10	11
Vienna	10	11

## HOLIDAY RESORTS

Resort	Y-day	Mid-day
Amsterdam	10	11
Brussels	10	11
London	11	12
Madrid	10	11
Paris	10	11
Stockholm	10	11
Geneva	10	11
Frankfurt	10	11
Hamburg	10	11
Basel	10	11
Berlin	10	11
Brno	10	11
Prague	10	11
Warsaw	10	11
Zurich	10	11
Vienna	10	11

To the Ordinary Shareholders of  
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The offer from NCBPF is neither generous nor attractive and is a blatant attempt to buy your Company far too cheaply

- ★ It ignores £17 million of your assets in B.I.T.
- ★ NCBPF's much advertised minimum price of 165p per share has never been more than 2 1/2% above the estimated formula value of the Offer and on some days it has been below
- ★ On 7th December the estimated formula value of the Offer was **164.4p** per share only
- ★ On 7th December the estimated going concern value of B.I.T. was **191.9p** per share

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**YOU TOO SHOULD REJECT THE OFFER**

DO NOT BE PRESSURED INTO ACCEPTING IT

This statement has been issued by Robert Fleming & Co. Limited on behalf of the British Investment Trust Limited, 7th December, 1977, was the latest practicable date before publication of this advertisement. A daily appointed committee of the Board of the British Investment Trust Limited has given all reasonable enquiries and security accept responsibility accordingly.

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